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**NOTES:**

BY: Maria

Date: 9/25/09

/s/

MP

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Date: 9/25/09

/s/

MP

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BY: Maria

Date: 9/25/09

/s/

MP

\_\_\_\_\_ x 30 = \_\_\_\_\_ + \_\_\_\_\_ = TOTAL PAGES 114  
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**Stage 1** Page Count from Scanned File: 115 (Count does include cover sheet)

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BY: Maria

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/s/

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BY: Maria

Date:

/s/

Comments about this file:

Quality Checked



**Index Other 56**  
**Regulation Package Hydrocarbon Measurement Equipment**

- |                       |  |
|-----------------------|--|
| 1. November 14, 2007  | Notice of hearing, affidavit of publication, bulk mailing  |
| 2. November 17, 2008  | File Opening Request   |
| 3. January 13, 2009   | Transcript   |
| 4. January 23, 2009   | Notice of hearing, affidavit of publication, bulk mailing  |
| 5. -----              | Public Comments  |
| 6. September 1, 2009  | AOGCC re: submission of regulation package to the AG's office for signature                      |
| 7. September 22, 2009 | Post Notice and Final, Final regulation and Lt. Governor Order certifying changes to regulations |

**Other 56**

# 7

## Amended Regulations Dealing with Hydrocarbon Measurement Equipment

The Alaska Oil and Gas Conservation Commission has revised its regulations dealing with hydrocarbon measurement equipment requirements in 20 AAC 25.228(b). The amended hydrocarbon measurement equipment regulation requires the operator to provide information to and obtain the approval of the Commission prior to the installing or altering hydrocarbon measurement equipment used for custody transfer purposes and adopting or changing the methodology used for determining hydrocarbon volumes. The Lieutenant Governor signed and filed the regulation changes on September 18, 2009, with an effective date of October 18, 2009.

For further information or to obtain a copy of the amended regulations, contact Jody Colombie at (907) 793-1221, fax (907) 276-7542, or e-mail [jody.colombie@alaska.gov](mailto:jody.colombie@alaska.gov).

**Colombie, Jody J (DOA)**

---

**From:** Shier, Benjamin P (GOV)  
**Sent:** Monday, September 21, 2009 4:27 PM  
**To:** Pearson, Robert L (DOA)  
**Cc:** Cramer, John W (GOV); Shier, Benjamin P (GOV); Behr, Deborah E (LAW); Miller, Linda J (LAW); Weaver, Steven C (LAW); Messing, Kevin J (LAW); Pound, Jim (LAA); Colombie, Jody J (DOA)  
**Subject:** Regulations Filed: 993-09-0052  
**Attachments:** 993-09-0052.pdf

On 9/18/2009, Lieutenant Governor Craig E. Campbell filed regulations (**993-09-0052**) from the Alaska Oil and Gas Commission re: **Hydrocarbon Measurement Equipment and Custody Transfer** (20 AAC 25.228(b)).

The effective date of the regulations is **10/18/2009**, and the regulations will be published in **Register 192, January 2010**.

The filing certification and regulation text are attached. Unless requested, no hard copies will be mailed.

Thank you,

**BENJAMIN SHIER**  
*Special Assistant*  
Office of Lieutenant Governor Craig E. Campbell

P.O. Box 110015  
Juneau, AK 99811  
PHONE: 907.465.3520  
FAX: 907.465.5400

[benjamin.shier@alaska.gov](mailto:benjamin.shier@alaska.gov)  
[www.ltgov.alaska.gov](http://www.ltgov.alaska.gov)

9/22/2009

# MEMORANDUM

## State of Alaska Department of Law

TO: Daniel T. Seamount, Jr., Chair  
Alaska Oil and Gas Conservation  
Commission

DATE: September 17, 2009


RECEIVED

FILE NO.: 993-09-0052

SEP 21 2009

TELEPHONE NO.: 465-3600

Alaska Oil & Gas Conserv. Commission  
And 10/17

FROM: Steven C. Weaver   
Assistant Attorney General  
Legislation/Regulations Section--Juneau

SUBJECT: Regulations re: hydrocarbon  
measurement equipment and  
custody transfer (20 AAC  
25.228(b))

Under AS 44.62.060, we have reviewed the attached amendment of these regulations by the Alaska Oil and Gas Conservation Commission, and approve the changes for filing by the lieutenant governor. I have reviewed this project under a specific delegation dated September 15, 2009 from the Regulations Attorney. A duplicate original of this memorandum is being furnished to the lieutenant governor, along with the one page of regulations and the related documents.

You might wish to contact the lieutenant governor's office to confirm the filing date and effective date of the attached regulation changes.

The November 14, 2008 public notice, the January 23, 2009 supplemental public notice, and the September 1, 2009 certification order all state that this action is not expected to require an increased appropriation. Therefore, a fiscal note under AS 44.62.195 is not required.

In accordance with AS 44.62.125(b)(6), some corrections have been made in the regulations, as shown on the attached copy.

SCW

cc w/enc: Robert Pearson, Special Assistant & Regulations Contact  
Department of Administration

Jody Colombie  
Alaska Oil and Gas Conservation Commission

Thomas Ballantine  
Assistant Attorney General  
Oil, Gas & Mining Section--Anchorage

20 AAC 25.228(b) is amended to read:

(b) Hydrocarbon measurement equipment must be fabricated, installed, and maintained in conformance with relevant parts of the *API Manual of Petroleum Measurement Standards*, as revised as of November 30, 1998. Before installing or altering hydrocarbon measurement equipment used for custody transfer purposes, the operator shall submit to the commission information demonstrating conformance and obtain commission approval of the proposed installation or alteration and the methodology proposed for determining hydrocarbon volumes.

The submitted information <sup>must</sup> include, among other things, sample calculations, with the underlying measured data, generated using the proposed methodology. <sup>(The operator may not change)</sup> An approved methodology ~~may not be changed~~ without commission approval. <sub>file</sub>

(Eff. 4/2/86, Register 97; am 11/7/99, Register 152; am \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

Authority: AS 31.05.030

~~Editor's note: A copy of the relevant parts of the *API Manual of Petroleum Measurement Standards* may be reviewed during business hours at the commission's office and may be obtained from the American Petroleum Institute, Order Desk, 1220 L Street, N.W., Washington, D.C. 20005-4070.~~

Publisher: Existing editor's note for 20 AAC 25.228 is unchanged.

#6



# MEMORANDUM

# STATE OF ALASKA

## ALASKA OIL AND GAS CONSERVATION COMMISSION

TO: Regulations Attorney  
Legislation/Regulations Section  
Department of Law

DATE: September 1, 2009

SUBJECT: AG File No. 993-09-0052  
Request for Legal Review  
of Regulations Project on  
Hydrocarbon Measurement  
Equipment  
20 AAC 25.228(b)

FROM: Daniel T. Seamount, Jr., Chair  
Regulations Contact  
Department of Administration



We are requesting approval of the attached final regulations on the following: 1) requiring an operator to provide information to and obtain the approval of the Alaska Oil and Gas Commission (Commission) prior to installing or altering hydrocarbon measurement equipment used for custody transfer purposes; and 2) adopting or changing the methodology used for determining hydrocarbon volumes. The Commission adopted these changes on July 29, 2009.

Enclosed are the following documents:

1. original and one copy of the final regulations;
2. original signed and dated certification order;
3. original public notices;
4. original additional regulations notice information form distributed with the notice;
5. original publisher's affidavit's of publication;
6. original affidavit of notice;
7. original affidavit of oral hearing;
8. original affidavit of commission action;
9. excerpt from unapproved minutes from the July 29, 2009 meeting;

We worked with Assistant Attorneys General Alan Birnbaum and Thomas Ballantine on this project.

Upon completing your review, please forward the regulations to the lieutenant governor for filing. In accordance with AS 44.62.180, the regulation changes will take effect on the 30<sup>th</sup> day after filing.

ORDER CERTIFYING THE CHANGES TO  
REGULATIONS OF ALASKA OIL AND GAS CONSERVATION  
COMMISSION

The attached 1 page of regulations, dealing with hydrocarbon metering under 20 AAC 25, is certified to be a correct copy of the regulation changes that the Alaska Oil and Gas Conservation Commission adopted at its July 29, 2009 meeting, under the authority of AS 31.05.030 and AS 31.05.040 and in compliance with the Administrative Procedure Act (AS 44.62), including the notice provisions (AS 44.62.190 and AS 44.62.200) and opportunity for public comment provision (AS 44.62.210).

This action is not expected to require an increased appropriation.

On the record, in considering public comments, the Alaska Oil and Gas Conservation Commission paid special attention to the cost to private persons of the regulatory action being taken.

As provided in AS 44.62.180, the subject regulation changes take effect on the 30th day after they are filed by the lieutenant governor.

DATE: September 1, 2009  
Anchorage



Daniel T. Seamount, Jr.  
Chair

FILING CERTIFICATION

I, Craig E. Campbell, Lieutenant Governor for the State of Alaska, certify that on \_\_\_\_\_, 2009 at \_\_\_\_\_ .m., I filed the attached regulations according to the provisions of AS 44.62.040 – 44.62.120.

\_\_\_\_\_  
Lieutenant Governor

Effective: \_\_\_\_\_.

Register: \_\_\_\_\_.

STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

**AFFIDAVIT OF NOTICE OF PROPOSED ADOPTION OF REGULATIONS  
AND FURNISHING OF ADDITIONAL INFORMATION**


I, Jody J. Colombie, Special Assistant to the Alaska Oil and Gas Conservation Commission, being sworn, state the following:

As required by AS 44.62.190, notice of the proposed adoption of changes to 20 AAC 25.228, dealing with hydrocarbon measurements, was given by being


- (1) published in a newspaper or trade publication;
- (2) furnished to interested persons as shown on the attached list;
- (3) furnished to appropriate state officials;
- (4) furnished to the Department of Law, along with a copy of the proposed regulations;
- (5) electronically transmitted to incumbent State of Alaska legislators;
- (6) furnished to the Legislative Affairs Agency, Legislative Library;
- (7) posted on the Alaska Online Public Notice System, as required by AS 44.62.175(a)(1) and (b) and AS 44.62.190(a)(1);
- (8) furnished electronically, along with a copy of the proposed regulations, to the Legislative Affairs Agency, the chairs of the Senate Resources Committee and House Special Committee of Oil and Gas, the Administrative Regulation Review Committee, and the Legislative Council.

As required by AS 44.62.190(d), additional regulations notice information regarding the proposed adoption of the regulation changes described above was furnished to interested persons as shown on the attached list and those in (5) and (6) of the list above. The additional regulations notice information was posted on the Alaska Online Public Notice System.

DATE: September 1, 2009  
Anchorage

  
Jody J. Colombie  
Special Assistant to the Commission

SUBSCRIBED AND SWORN TO before me this 1st day of September 2009.

  
Notary Public in and for the  
State of Alaska  
My commission expires: 11/11/2010

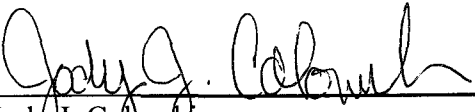
STATE OF ALASKA                    )  
  ) ss.  
THIRD JUDICIAL DISTRICT        )

AFFIDAVIT OF ORAL HEARING

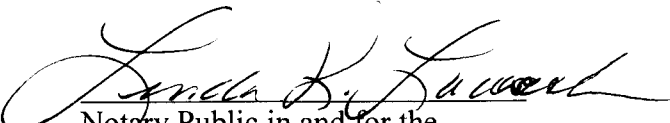
I, Jody J. Colombie, Special Assistant to the Alaska Oil and Gas Conservation Commission, being sworn, state the following:

On January 13, 2009, at 9:00 a.m., at 333 West 7<sup>th</sup> Avenue, Suite 100, Anchorage, Alaska, a public hearing presided over by Daniel T. Seamount, Jr., Chair, was held in accordance with AS 44.62.210 for the purpose of voting on the adoption of changes to 20 AAC 25.228, dealing with hydrocarbon measurements.

DATE: September 1, 2009  
      Anchorage

  
\_\_\_\_\_  
Jody J. Colombie  
Special Assistant to the Commission

SUBSCRIBED AND SWORN TO before me this 1st day of September, 2009.

  
\_\_\_\_\_  
Notary Public in and for the  
State of Alaska  
My commission expires: 11/11/2010

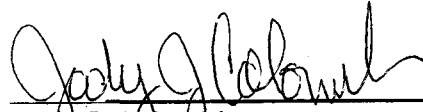
STATE OF ALASKA                     )  
  ) ss.  
THIRD JUDICIAL DISTRICT         )

AFFIDAVIT OF COMMISSION ACTION

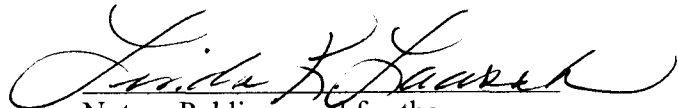
I, Jody J. Colombie, Special Assistant to the Alaska Oil and Gas Conservation Commission,  
being sworn, state the following:

The attached motion, dealing with hydrocarbon measurement regulation changes, was passed by  
the Alaska Oil and Gas Conservation Commission during its July 29, 2009 meeting.

Date: September 1, 2009  
Anchorage

  
\_\_\_\_\_  
Jody J. Colombie  
Special Assistant to the Commission

SUBSCRIBED AND SWORN TO before me this 1st day of September 2009.

  
\_\_\_\_\_  
Notary Public in and for the  
State of Alaska  
My commission expires: 11/11/2010

ALASKA OIL AND GAS CONSERVATION COMMISSION MEETING  
July 29, 2009 Unapproved Minutes

Commissioner Daniel T. Seamount, Jr. moved and Commissioner Cathy P. Foerster seconded the following motion:

“I move to adopt the attached draft amendment to 20 AAC 25.228.”

The motion carried unanimously.

20 AAC 25.228(b) is amended to read:

(b) Hydrocarbon measurement equipment must be fabricated, installed, and maintained in conformance with relevant parts of the *API Manual of Petroleum Measurement Standards*, as revised as of November 30, 1998. **Before installing or altering hydrocarbon measurement equipment used for custody transfer purposes, the operator shall submit to the commission information demonstrating conformance and obtain commission approval of the proposed installation or alteration and the methodology proposed for determining hydrocarbon volumes. The submitted information shall include, among other things, sample calculations, with the underlying measured data, generated using the proposed methodology. An approved methodology may not be changed without commission approval.**

(Eff. 4/2/86, Register 97; am 11/7/99, Register 152; am \_\_/\_\_/\_\_, Register \_\_)

**Authority:** AS 31.05.030

**Editor's note:** A copy of the relevant parts of the *API Manual of Petroleum Measurement Standards* may be reviewed during business hours at the commission's office and may be obtained from the American Petroleum Institute, Order Desk, 1220 L Street, N.W., Washington, D.C. 2005-4070.

20 AAC 25.228(b) is amended to read:

(b) Hydrocarbon measurement equipment must be fabricated, installed, and maintained in conformance with relevant parts of the *API Manual of Petroleum Measurement Standards*, as revised as of November 30, 1998. **Before installing or altering hydrocarbon measurement equipment used for custody transfer purposes, the operator shall submit to the commission information demonstrating conformance and obtain commission approval of the proposed installation or alteration and the methodology proposed for determining hydrocarbon volumes. The submitted information shall include, among other things, sample calculations, with the underlying measured data, generated using the proposed methodology. An approved methodology may not be changed without commission approval.**

(Eff. 4/2/86, Register 97; am 11/7/99, Register 152; am \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

**Authority:** AS 31.05.030

**Editor's note:** A copy of the relevant parts of the *API Manual of Petroleum Measurement Standards* may be reviewed during business hours at the commission's office and may be obtained from the American Petroleum Institute, Order Desk, 1220 L Street, N.W., Washington, D.C. 2005-4070.



# 5

**Maunder, Thomas E (DOA)**

**From:** Maunder, Thomas E (DOA)  
**Sent:** Monday, June 22, 2009 10:28 AM  
**To:** Birnbaum, Alan J (LAW)  
**Cc:** Seamount, Dan T (DOA); Foerster, Catherine P (DOA); Norman, John K (DOA); Colombie, Jody J (DOA)  
**Subject:** Response to Public Comments\_25.228.doc  
**Attachments:** Response to Public Comments\_25.228.doc

Alan,

Attached is a document replying to comments regarding the proposed amendment to 20 AAC 25.228.

2 electronic comments were received prior to the hearing, but were not discovered until about a week after the hearing.

It was also discovered that no closing date for comments was included in the original notice so a subsequent notice was made.

2 comments, one topical and one non-topical, were received. The attached document addresses the 3 topical comments.

An individual reply was only sent to one of the topical commenters.

Would you please review/edit as appropriate and we can move to finalize this subject.

Thanks,

Tom

6/22/2009

Response to Public Comments

regarding

Proposed Amendment to 20 AAC 25.228 (b)

Alaska Oil and Gas Conservation Commission  
(AOGCC)

Original Notice November 14, 2008

Public Hearing January 13, 2009

Subsequent Notice January 23, 2009

A public hearing was held on January 13, 2009 to consider a proposed amendment to Regulation 20 AAC 25.228 (b) regarding hydrocarbon metering. The amendment was proposed by AOGCC and would require an operator to provide information of and obtain approval from the Commission prior to (1) installing or altering ... equipment used for custody transfer purposes and (2) adopting or changing the methodology used for determining hydrocarbon volumes.

Public testimony was presented by the Alaska Oil and Gas Association (AOGA) on behalf of their member companies. Several items of concern were raised and the concerns of the testifying party were addressed by the Commission at the hearing.

Following the hearing, additional public comments submitted electronically prior to the hearing were discovered on January 20. The late discovery did not allow these specific submissions to be addressed at the public meeting, although after review it is evident that the points raised were substantially addressed at the public meeting. Subsequently it was discovered that the Public Notice published November 14, 2008 did not establish a deadline for written comments to be submitted. A subsequent public notice was published on January 23, 2009 providing notice that all written comments pertaining to this issue must be received by the Commission 4:30 pm February 23, 2009.

The purpose of this document is to address, for the record, the public comments not addressed at the January 13 hearing and received prior to 4:30 pm February 23, 2009.

Commenter 1

On January 12, Ms. Marsha Yon of Emerson Process Management electronically submitted a comment on behalf to the API Committee on Liquid Measurement. Her comment related to the specification of the November 30, 1998 version of the API Manual of Petroleum Measurement Standards and whether that specificity precluded using more recently published standards.

A similar comment was addressed at the hearing. It is the Commission's position that the variance provision of 20 AAC 25.228 (j) can be employed to allow use of more recently

published standards. If the newest version of the standards were adopted at this time, an economic penalty could be imposed on operators to update or replace their measurement equipment to comply with the newest standards. Specifically citing the November 30, 1998 edition of the Measurement Standards establishes a minimum requirement for custody transfer measurement installations.

#### Comment 2

On January 12, Ms. Sherry Timmerman of ConocoPhillips, Alaska (CPAI) electronically submitted multiple comments on behalf of Mr. Bobby W. Fletcher, Jr. the Greater Kuparuk Operations Support Manager. Similar comments were submitted and addressed at the hearing. CPAI's multiple comments are listed below.

1. CPAI believes the existing regulations are adequate and no change is needed. CPAI is referred to the hearing transcript where the Commission believes ample evidence was presented supporting the regulatory amendment.
2. CPAI requests clarification of the Commission's intent for the regulatory change and believes that compliance with the existing regulations can be confirmed administratively for new pools and by inspections at existing installations. CPAI is again referred to the hearing transcript where an example of newly installed gas measurement equipment with an uncertainty in excess of that for orifice measurement was presented. The Commission believes that amending the regulation to require advance notice will allow the Commission to be forewarned when a new custody transfer measurement installation is planned or constructed and that such involvement will prevent delays due to potential design shortcomings. With regards to modifications of existing installations, advance notice will allow the Commission to perform its due diligence regarding oversight of custody transfer metering installations.
3. CPAI believes that the terms "Alter" and "Install" need clearer definitions so that routine maintenance activities are excluded. AOGA also expressed this concern in their hearing testimony. The Commission stated that it is not intended that routine maintenance and calibration activities be subject to the amended requirements. Replacing a malfunctioning piece of equipment like-for-like would not need prior notification, nor would changing an orifice plate. If an existing orifice station were changed to ultra-sonic, then notice and approval would be required. Upgrading (chart to flow computer or new calculation routine) or replacing (new model or different manufacturer) other portions of the measurement system would also require prior notice.
4. Following on their 2<sup>nd</sup> comment, CPAI proposes alternate wording for 20 AAC 25.228 (b) to narrow the scope of the notification requirement to apply to only new installations and proposes new wording for 20 AAC 25.228 (i) covering alterations to custody transfer metering equipment under the 24 hour notice requirement. As discussed in point 2, above, the Commission believes that the advance notice requirement should properly apply to both new and existing custody transfer metering installations.

Comment 3

On January 28, Mr. Bruce Webb of Aurora Gas electronically submitted a comment requesting clarification of "altering" as used in the proposed amendment. Mr. Webb's concern is similar to that expressed by AOGA at the hearing and CPAI in their 3<sup>rd</sup> comment. An electronic response similar to that given in CPAI's 3<sup>rd</sup> comment, above, was provided to Mr. Webb on January 28.

Alan: A non-topical comment was received from Ms. Dana Olsen on January 26. A written reply dated January 28 from Commissioner Seamount was sent. Does this need to be addressed?

**Colombie, Jody J (DOA)**

---

**From:** Maunder, Thomas E (DOA)  
**Sent:** Wednesday, January 28, 2009 2:44 PM  
**To:** Bruce D Webb  
**Subject:** RE: Supplemental Notice AOGCC Hydrocarbon Metering

Bruce,  
The regulation change is not intended to affect maintenance activities (replacing pressure transmitters, temp sensors, changing orifice plates, etc.). Under the new regulation your 2<sup>nd</sup> set of possible activities (changing from an orifice meter to an ultrasonic meter or changing the flow computer) would require notice to and approval by the Commission. Cleaning a meter is an action that could be of interest depending on what substance is fouling the meter since meter fouling could affect the measurement of the gas. When in doubt, please give me or the on-call Inspector a call or send a message.  
I hope this response is of benefit. Call or message with any questions.  
Tom Maunder, PE  
AOGCC

---

**From:** Colombie, Jody J (DOA)  
**Sent:** Wednesday, January 28, 2009 11:29 AM  
**To:** Maunder, Thomas E (DOA)  
**Subject:** FW: Supplemental Notice AOGCC Hydrocarbon Metering  
**Importance:** High

Tom-please respond to Bruce.

---

**From:** aurorapower@gci.net [mailto:aurorapower@gci.net] **On Behalf Of** Bruce D Webb  
**Sent:** Wednesday, January 28, 2009 10:45 AM  
**To:** Colombie, Jody J (DOA)  
**Subject:** RE: Supplemental Notice AOGCC Hydrocarbon Metering  
**Importance:** High

Jody,

Aurora Gas, LLC would like additional information on the referenced proposed regulation. Specifically, what is the **definition of "altering" a custody meter?**

Our concern is that this needs to be clarified and may be ambiguous as written. For instance, does it include replacing pressure transmitters, temp sensors, etc., or does "altering" mean changing how we measure the gas flow (i.e. change from an orifice meter to a ultrasonic meter).

We would not want to get into a situation of non-compliance because we had to repair or clean a custody meter.

Thank you for the opportunity to comment.

Best regards,

-Bruce

**Bruce D. Webb**  
Manager, Land and Regulatory Affairs  
Aurora Gas, LLC  
1400 W. Benson Blvd., Suite 410  
Anchorage, AK 99503

1/28/2009

(907) 277-1003 office  
(907) 229-8398 cell  
(970) 277-1006 fax

---

**From:** Colombie, Jody J (DOA) [mailto:jody.colombie@alaska.gov]  
**Sent:** Thursday, January 22, 2009 2:49 PM  
**Subject:** Supplemental Notice AOGCC Hydrocarbon Metering

Attached is a Supplemental Notice that merely provides a date (February 23, 2009) by which the AOGCC must receive written comments in regards to the proposed regulation changes to 20 AAC 25.228 (b).

Attached for the convenience of those legislators who have been newly elected, I am attaching the original notice as well as the proposed regulations along with the supplemental notice.

The recent new meter installations have uncovered a gap in our regulations. There is currently nothing to specify that and how an operator must receive initial approval for custody transfer metering equipment. Custody transfer metering systems are used to measure hydrocarbon volumes for revenue and tax determinations. Therefore, initial approval is necessary to prevent an improperly designed, installed, or calibrated custody transfer metering system from going into service.

*Jody J. Colombie*  
Special Assistant to the Commission  
Alaska Oil and Gas Conservation Commission  
333 West 7th Avenue, Suite 100  
Anchorage, Alaska 99501  
(907) 793-1221 Direct Line  
(907) 276-7542 Fax

# STATE OF ALASKA

**SARAH PALIN, GOVERNOR**

## **ALASKA OIL AND GAS CONSERVATION COMMISSION**

333 W. 7th AVENUE, SUITE 100  
ANCHORAGE, ALASKA 99501-3539  
PHONE (907) 279-1433  
FAX (907) 276-7542

January 28, 2009

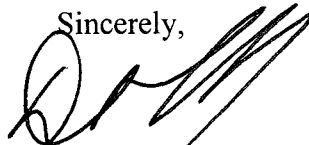
Dana L. Olson  
HC-35 Box 5438  
Wasilla, AK 99564

Re: Comments Received January 26, 2009

Dear Ms. Olson:

The Alaska Oil and Gas Conservation Commission (Commission) has received your comments, dated January 26, 2009. Upon reviewing them, if the Commission determines that additional information will be helpful, we will contact you. Thank you for the comments.

Sincerely,



Daniel T. Seamount, Jr.  
Chair



Alaska Oil & Gas Conservation Commission

Re: Written comments regarding  
hydrocarbon production

6 PAGES  
IN ALL  
(including  
AFFIDAVIT)  
Let me tell you my story  
about making things work or  
grow when others waited for  
someone else to show them.

I have dedicated my life to my  
pursuits, and though I may have  
no money, neither did Tesla.

Balancing of interests, is not  
under your control, nor should it be.

See my written response; Attached.  
AND suggested plan of action.

DANA L. OLSON  
HC-35 BOX 5438  
WASILLA, AK  
99654.

RECEIVED

JAN 26 2009

Alaska Oil & Gas Cons. Commission  
Anchorage

26 Jan 09,  
MESSAGE 351-5673.

AFFIDAVIT OF DANA L. OLSON  
regarding Impairing Fruitation  
of Crops, by Air emissions From  
Far-away to that of More localized  
ones, /atomic radiation /frequency.

Does it really matter how dioxin  
is produced?

When it gets into water, it does  
World of damage. (coastal zone  
~~precedent~~ precedent, in MATSU.

How Far Away, is Subject of some  
energy bills / Labor.

I am prepared to take that labor / energy  
issue on regarding "movement to work"  
or other incentives.

especially since intent is unconstitutional

Sanders vs Montana. (as argued to DEC  
before a court reporter.

Dana L Olson

26 Jan 09

Shall I impinge on the Authority of  
ALASKA'S OIL AND GAS CONSERVATION  
COMMISSION pronounced USE OF THE  
COMMON, pronounced USE OF (Shall)?

In 1987, Congress enacted  
Federal onshore AND GAS Leasing  
Reform Act PL. NO. 100-203.

The Reform Act gives Federal land  
management Agencies power to regulate  
the surface environmental consequences  
of oil and gas leasing on their lands,  
while continuing to vest BLM ownership  
of mineral estate. (modern technology  
surplants that notion).

1. The problem is that Aquifers ① are protected  
under Clean-Water Act, AND notice of  
intent to sue is given to State Attorney  
General AND NOT AOGCC
2. Shippers do not do planning in Alaska  
AND "intent" is unconstitutional  
Sanders vs Montana.

① AS argued recently to DEC (court reporter)

The problem of "shall", is one of drafting.

When a word takes on too many senses AND cannot be confined to one sense in a given document.

One solution is to use shall only to mean has a duty to.

In Canada, legal drafters cannot be trusted to use the word shall under any circumstances, as a result, the drafter must always choose a more appropriate word. (must, may, will)

4 In 1991 (Federal government's style sub committee, part of the standing committee on rules of practice and procedure - a sub committee that since 1991 has worked on all amendments to the various sets of federal court rules, adopted this approach, disallowing shall in 1992." pg 176 chptr 4 Garner on language and writing KF250 G376 2009 (Anchorage law library))

I think imitation concept is unlawful.  
I think variances based upon shall are unlawful.

The Secretary of the interior is given broad powers "to do any and all things necessary to carry out and accomplish the purpose of oil and gas leasing 30 U.S.C. A § 189.

Brindstone Butte Project v Kleppe (1981)

Where are those protective conditions under Secretarial Authority?

It appears that in adopting SB 196 in 1987, the State claimed itself a State NDA standard by lottery? To remove and separate. (oil & gas) from land. It appears the DNR Commissioner theorem (shall being best interest finding of oil & gas leases model is old, and needs hard look review.

The public comment review being that of compounds is "shall concept and not definable as to the balancing of interests that the U.S. Secretary of interior ~~the~~ Authority, requires. And the dormant Commerce Clause, is just that dormant.

Constitutional issues are required  
under Federal Administrative Code.  
I have participated at least <sup>(Federal)</sup> stages  
I require the new technologies to be reviewed  
and defined. I give comment and participated.  
Ask University of Alaska / Fairbanks  
to help you. (Space physics).

The Energy Security Act of 1980  
established the <sup>United</sup> ~~US~~ States Syn Fuels  
Corporation to stimulate the commercial  
ation of synthetic oil & gas.  
(42 U.S.C. A § 8702)

Production of hydrocarbon (ie public process)  
must have a balancing of interests  
from those of plant origin, to that of  
other.

The issue of corridors is not yours  
to decide.

I suggest you suspend your attempts  
under shall regime, unless you plan  
to purchase historical (easements).  
(easements) that ~~figure~~ <sup>figure</sup> to historic grants.

Dana L Olson

DEPARTMENT OF  
NATURAL RESOURCES

JAN 26 2009

COMMISSIONER'S OFFICE  
ANCHORAGE

DANA L. OLSON  
HC-35 box 5438  
WASILLA AK 99654  
26 January, 2009.

Dept of Natural Resources  
Commissioner Thomas Irwin

REQUEST AND/OR APPEAL

Pursuant to 11 AAC 02.010 of DNR  
administrative code "a different  
procedure with respect to a particular  
decision." SB 196 <sup>1987 AND</sup> (Sec 19 (1987) AND  
change in linguistics of definition of  
Crop land appears to conflict with  
Chptr 31; B AAC 131 in accordance  
with Chptr 58 SLA 1999.

Linguistic change is a fact of life.  
If rules are to be broken, it is better  
it is done from knowledge than from  
ignorance, even when ignorance  
ultimately decides the issue (narrative  
water quality criteria)

Residents of Mat Su are in possession  
of "Alcohol is a Gas"; Made From  
Cat tails: A bio-fuel. (Book, CD, information)  
(technical information). - 1 -

11 AAC. 02.070

I ask for the opportunity  
for waiver of procedural or violation  
to define and balance private  
interests with State interests.

Shall we do Administrative Appeal on  
regional Land-use Plan revision? Susitna (full)  
I cite 11 AAC. 02.900 definitions

4) decision means a written discretionary  
or factual determination by the  
dept, specifying the details of the  
action allowed or taken.

DEC public hearing does not Address  
Access (Court reporter testimony), AND  
Chpt 31 Population determination  
For oil & gas production property tax  
limitation 3 AAC 131 (in accordance  
with Chptr. 58 SLA 1999 IS not  
Addressable since the MATSU Borough  
seems defiant to do regional land  
use planning together with DNR  
AND Fish AND Game.  
As Supreme Court has never separated  
wildlife from land decisions.



1. Shall I be given administrative hearing on Cropland?
2. Shall I be granted a waiver of procedural requirements / violations (Sec 19)?
3. If a best interest finding for oil & gas lease in look-inlet is; (a finding how will I know how my full ~~real~~ estate will operate, since I am interested in alternative fuels?  
 I own my oil & gas  
 Cropland private vs Cropland under  
 CB 196 (19) 1987 or public trust?
- A. Water rights in joint tenancy are not destroyed on a state theory of property (defined).  
 14th Amendment  
 Cattails use water, but U.S. Constitution will grow in dry areas  
 (personal research in Montana at (Valley Nursery) in Great Falls, Mont 2007).

Olson

Bio-fuels are agricultural (just look at Delta, but cattails are more viable, as they do not require climate consideration.

Congress appears poised to give money for projects, so lets not let linguistic changes foil development. Shall we cooperate in an exciting adventure?

Maybe SB 196 Sec 19 (1987) is no longer viable, will you help make it cleaner, more defined, or out dated by linguistics?

Commissioner Irwin, I do not want water quality (narrative) "intent" as its unconstitutional. Sanders vs Montana (as argued to DEC).

Please take the time to consider carefully, options that you have.

Dana L Olson

# Alaska Oil and Gas Association



121 W. Fireweed Lane, Suite 207  
Anchorage, Alaska 99503-2035  
Phone: (907)272-1481 Fax: (907)279-8114  
Email: [crockett@aoga.org](mailto:crockett@aoga.org)  
*Marilyn Crockett, Executive Director*

January 13, 2009

Commissioner Dan Seamount, Chair  
Alaska Oil and Gas Conservation Commission  
333 W. 7<sup>th</sup> Avenue, Suite 100  
Anchorage, Alaska 99501

## AOGA Comments on Metering Equipment Regulations [20 AAC 25.228(b)]

Dear Commissioner Seamount:

The 16 members of the Alaska Oil & Gas Association (AOGA) account for the majority of oil and gas exploration, development, production, transportation, refining and marketing activities in the state. We appreciate the opportunity to comment on these proposed regulations.

Our member companies are concerned about the potential broad application, interpretation and implementation of the proposed regulations. Given that AOGA members are unaware of the background and reasoning for the proposed changes, we are concerned that if the current draft is adopted there is the potential for inadvertent noncompliance.

Our questions and concerns are most significant in cases where there will be surface or subsurface commingling of pools/units prior to the actual custody transfer meter. In that case a "methodology" is developed to allocate production to the individual pools/units utilizing the existing custody transfer equipment as well as other metering and/or well test equipment.

In these comments, the term "production measurement equipment" refers to Lease Automatic Custody Transfer (LACT) Units and other oil and gas metering installations in similar service.

The following questions and comments illustrate our concern:

1. What is the definition of "hydrocarbon measurement equipment" as expressed in section 20 AAC 25.228 entitled "Production measurement equipment for custody transfer"? Will the hydrocarbon measurement equipment be limited to production metering equipment for liquid and gas as the fluid leaves the lease, or will the proposed language be interpreted to include well testing equipment? Well test equipment is not generally considered for production metering service and then only in commingling operations.

Members companies do not object to the application of the proposed revisions to production metering equipment, however, there is concern about the general application to well test equipment.

2. What does the term "methodology" mean in the context of the proposed revisions? The term "methodology" may refer to the calculations inherent in the operation of the production metering equipment or it may refer to the determination of volumes allocated to commingled pools or units.

If the term "methodology" is applied to production metering equipment, member companies would not object. However there is concern if the term "methodology" makes reference to well test equipment.

The process for gaining approval is also unclear. Will we need to provide our current methodology for approval or simply future methodology changes?

3. What level of equipment changes will be considered "altering hydrocarbon measurement equipment"? That is, what is the definition of altering?

The concern with respect to production metering equipment and well test units is the potential requirement to apply for approval for even routine maintenance activities. For example, does it include replacing a gauge on a meter run, and does it include changing orifice plates?

4. There is no change proposed to the referenced API Manual of Petroleum Measurement Standards, as revised as of November 30, 1998. While a standard reference is needed, we suggest language be included that allows operators to use the latest revision of the API standard or methods approved by the AOGCC. For example, the November 30, 1998 standard does not allow the use of ultrasonic meters or coriolis meters for fluid measurement.
5. Use of the term "provide information" is vague and could lead to confusion as to what exactly is required. Required information should be specified in the regulations, such as manufacturer specifications, certifications, or gas flow schematics etc.
6. Timing for approvals - new installations: In cases where a totally new installation is required, the design of the processing and metering equipment is often far in advance of the actual installation. However, in the case of surface commingling, existing metering equipment will most likely be used. The AOGCC approval process for this case is vague with respect to methodology and timing. Our concern is possible delays for approvals of the methodology and custody transfer equipment. We suggest a timeline be established for acquiring AOGCC approvals for new installations.

7. Timing for approvals - existing installations: Should there be a failure of the current custody transfer equipment, some provision for rapid approval of changes is required to minimize disruption. What will be required to demonstrate that the changes meet the requirements of the API Manual of Petroleum Measurement Standards? Will approval of replacement with a newer model of the same basic equipment be required? Will existing production metering equipment be grandfathered or be required to be re-approved?

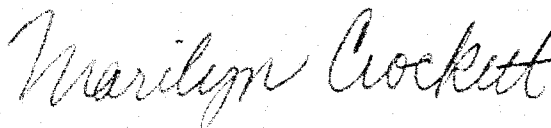
Additionally, we have a suggestion regarding approval for surface commingling between units in section 20 AAC 25.228(a). We suggest adding specific language to 25.228(a) to allow hydrocarbon production to be measured downstream of an approved commingling point.

Due to conflicting schedules and the recent holiday season, we were unable to facilitate a working session with AOGCC staff engineers to clarify the intent and application of these proposed regulations. AOGA believes a future working session would be beneficial to both industry and the AOGCC.

Please call Harry Engel, Chairman of the AOGA AOGCC Task Group at 564-4194 for any questions or to arrange a work session.

Again, thank you for providing this opportunity to comment. We look forward to working with the Commission.

Sincerely,



MARILYN CROCKETT  
Executive Director

Cc: Commissioner Cathy Foerster  
Commissioner John Norman

**Suggested edits to AOGCC's  
proposed amendment to 20 AAC 25.228.**

**20 AAC 25.228. Production measurement equipment for custody transfer.**

- (a) Hydrocarbon production must be measured in accordance with this section before severance from the property or unit where produced, **unless the commission has approved surface commingling between properties or units**. Crude oil sample collection, handling, and analysis in connection with production measurement must be performed in conformance with relevant parts of the *API Manual of Petroleum Measurement Standards*, as revised as of November 30, 1998.

*Comment: This exception clarifies that Liberty (and similarly situated units) can sever production prior to measurement through a LACT meter, provided that the operator has sought AOGCC approval of surface commingling.*

- (b) Hydrocarbon measurement equipment must be fabricated, installed, and maintained in conformance with relevant parts of the *API Manual of Petroleum Measurement Standards*, as revised as of November 30, 1998. **Before installing or altering hydrocarbon measurement equipment used for custody transfer purposes, the operator shall submit to the commission information demonstrating conformance and obtain commission approval of the proposed installation or alteration and the methodology proposed for determining hydrocarbon volumes. The submitted information shall include, among other things, sample calculations, with the underlying measured data, generated using the proposed methodology. An approved methodology may not be changed without commission approval. Before commencing sustained production from a pool, participating area or unit, the operator shall obtain commission approval of the custody transfer meter and of the methodology for determining hydrocarbon volumes from that pool, participating area or unit. An application for approval shall include sample calculations applying the proposed methodology to representative hypothetical data. The operator shall obtain commission approval before changing an approved custody transfer meter or methodology. Operators are entitled to conduct routine maintenance that does not substantively alter approved custody transfer meters, including substituting identical or newer versions of parts or meters.**

*Comment: The suggested language allows the operator to install custody transfer meters that meet API standards without obtaining AOGCC approval, which allows more flexibility in maintaining project schedules. The operator must still seek AOGCC approval of custody transfer meters and methodologies prior to commencing production. The operator should be able to conduct maintenance that does not substantively alter the approved meter.*

**Colombie, Jody J (DOA)**

---

**From:** Maunder, Thomas E (DOA)  
**Sent:** Thursday, December 11, 2008 3:59 PM  
**To:** Grimaldi, Louis R (DOA); Regg, James B (DOA)  
**Cc:** Foerster, Catherine P (DOA); Colombie, Jody J (DOA)  
**Subject:** FW: Draft Custody Transfer Meter regulation comments  
**Attachments:** Draft Revision 20 AAC 25 228.doc

Lou and Jim,

Harry called this morning to discuss the proposed amendment to 25.228 and would like to meet. I indicated that I will not be available until in the New Year and asked him to forward any comments/concerns BP had. I wanted to forward his message for your comments. I just checked with Jody and she has not received any other comments. The hearing will be held as scheduled since it concerns changing a regulation.

Tom

---

**From:** Engel, Harry R [mailto:Harry.Engel@bp.com]  
**Sent:** Thursday, December 11, 2008 2:43 PM  
**To:** Maunder, Thomas E (DOA)  
**Cc:** Bill, Michael L (Natchiq); Crandall, Krissell; Engel, Harry R; moriarty@aoga.org  
**Subject:** Draft Custody Transfer Meter regulation comments

Hi Tom -

This is a follow up to our telephone conversation today regarding the above subject. As we discussed, BP has several questions and potential concerns with the proposed custody transfer metering regulation changes to 25.228(b). We would like to meet with you prior to the scheduled hearing to discuss the intent of the regulations and our questions.

Our questions and concerns are most significant in cases where there will be surface commingling of pools/units prior to the actual custody meter. In that case a "methodology" is developed to allocate production to the individual pools/units utilizing the existing custody transfer equipment as well as other metering and/or testing equipment. Our main questions and concerns are listed below.

- Timing for approvals - new installations: In cases where a totally new installation is required, the design of the processing and metering equipment is often far in advance of the actual installation. However, in the case of surface commingling, existing metering equipment will most likely be used. The AOGCC approval process for this case is vague with respect to methodology and timing. Our concern is possible delays for approvals of the methodology and custody transfer equipment. We suggest a timeline be established for acquiring AOGCC approvals for new installations.

- Timing for approvals - existing installations: Should there be a failure of the current custody transfer equipment, some provision for rapid approval of changes is required to minimize disruption. What will be required to demonstrate that the changes meet the requirements of the API Manual of Petroleum Measurement Standards? Will approval of replacement with a newer model of the same basic equipment be required?

- Scope of the regulation: The proposed language uses the term "Hydrocarbon measurement equipment" within the section 25.228 entitled "Production measurement equipment for custody transfer". Will the new regulation apply only to the actual custody transfer meter installation (LACT) or to all metering and testing equipment that may provide data used in the methodology? Will existing equipment be grandfathered or be required to be re-approved?

- Approval for surface commingling between units. Suggest adding specific language to 25.228(a) for clarity.

Enclosed is a draft of possible changes to the proposed regulation.

<<Draft Revision 20 AAC 25 228.doc>>

Thanks for your help. We look forward to meeting with you in early January after you return to the office and before the scheduled hearing. Please let me know when you will be available during the week of January 5th.

Regards,

Harold R. Engel (Harry)  
Engineering Team Leader  
Integrity Management, Alaska Drilling & Wells  
907-564-4194 office  
907-564-5510 fax



**Colombie, Jody J (DOA)**

---

**From:** Timmerman, Sherry A [Sherry.A.Timmerman@ConocoPhillips.com]  
**Sent:** Monday, January 12, 2009 4:03 PM  
**To:** Colombie, Jody J (DOA)  
**Subject:** 20 AAC 25.228 Proposed Changes in Regulation -- CPAI Comments  
**Attachments:** 090109 20 AAC 25.228 Comments (CPAI to AOGCC).pdf

Ms. Colombie,

Attached find comments to the proposed changes in regulation 20 AAC 25.228.

Please confirm your receipt of this document by responding to this e-mail.

Thank you.

<<090109 20 AAC 25.228 Comments (CPAI to AOGCC).pdf>>

*Sherry Timmerman*

*ConocoPhillips Alaska, Inc.*

*DOT Program Coordinator*

*907-263-3704*

*Sherry.A.Timmerman@conocophillips.com*



Wayne W. Fletcher, Jr.  
Greater Kuparuk Area Operations Support Manager

Post Office Box 100360  
Anchorage, Alaska 99510-0360  
Telephone 907-265-6441

09 January 2009

Ms. Jody Colombie  
Special Assistant to the Commission  
Alaska Oil and Gas Conservation Commission  
333 W. 7<sup>th</sup> Avenue, Suite 100  
Anchorage, AK 99501

**Re: Proposed changes to 20 AAC 25.228(b) -- Production measurement equipment  
for custody transfer**

Dear Ms. Colombie:

ConocoPhillips Alaska, Inc. (CPAI) herein responds to the Alaska Oil and Gas Conservation Commission (Commission) request for comments regarding proposed changes to Title 20, Chapter 25, of the Alaska Administrative Code (20 AAC 25), published on November 12, 2008.

As an operator of both production and transportation facilities on the North Slope of Alaska, CPAI seeks to maintain custody transfer measurements within the applicable standards, which benefits not only the State of Alaska, but the asset owners and partners, and various other stakeholders. To that end, CPAI offers the comments and recommendations contained herein for the Commission's consideration.

#### **No Change**

20 AAC 25.228 (a) through (h) establishes the hydrocarbon measurement methods and equipment standards required by the Commission, (i) identifies opportunities for the Commission to evaluate conformance with these approved standards, and (j) provides a method for the Commission to approve exceptions to the required standards when justified.

The proposed regulatory change as written appears to establish a new protocol requiring Commission approval of all hydrocarbon measurement methods and equipment prior to installation or alteration. Change from exception-based approval to all-inclusive pre-approval may cause a significant and undue burden for all involved parties.

09 January 2009

### Clarify Intent

It is unclear why the Commission is proposing the change in the regulation. If there is a need to confirm that the methods and equipment planned for new fields meets the *API Manual of Petroleum Measurement Standards (MPMS)*; the proposed regulation change should clearly state this intention. Conformance can be verified administratively when an operator seeks permission to produce the pool.

If the intent is to manage change in the existing fields, no change to the existing regulation is necessary. 20 AAC 25.228(b) already requires confirmation with *API MPMS* and 20 AAC 25.228(i) allows conformance to be confirmed by the Commission when witnessing the various operations defined.

### Define "Alter" and "Install"

The terms "alter" and "install" are very broad, allow for misinterpretation, and could be restrictive. Although CPAI believes the intent of the proposed regulation is to require Commission approval of substantial changes to measurement methods and equipment (e.g., a new type of flow meter), definitions would provide needed clarity, narrow the scope of the proposed regulation, and limit misinterpretation by all parties. As written, the proposed regulation could be construed to include a variety of routine maintenance that should not require agency approval (e.g., replacement in kind (equal or better) of failed components, device firmware upgrades unrelated to calculations, removing one meter from a bank of meters from service, calibration checks).

### Proposed Regulation Modifications

To clarify and narrow the proposed regulation, CPAI recommends the Commission, at a minimum, make the following modifications to the proposed regulation:

#### **20 AAC 25.228 (b)**

... Before installing ~~or altering a new~~ hydrocarbon measurement equipment system or altering the volume determination methodology used for custody transfer purposes, the operator shall submit to the commission information demonstrating conformance and obtain commission approval of the proposed installation ~~or alteration~~ and the methodology proposed for determining hydrocarbon volumes.

In addition, the following revision could effectively satisfy the notification protocol for minor alterations without creating a new approval process.

09 January 2009

**20 AAC 25.228 (i)**

The commission will, in its discretion, require at least 24 hours notice before the following operations so that a representative of the commission can witness the operation:

**(5) alterations to custody transfer metering equipment**

CPAI appreciates the opportunity to submit its comments regarding this proposed regulation change. If you have any questions, please contact Gary Targac at 265-6586 or 659-7226 or by e-mail at Gary.Targac@conocophillips.com.

Sincerely,



Bobby W. Fletcher, Jr.  
Greater Kuparuk Area Operations Support Manager

bc:

Alpine Automation Engineer  
Alpine Operations and Maintenance Superintendent  
CPF3 Oooguruk Coordinator  
NSK Automation Engineer  
NSK Flow Measurement Specialist

John Braden, Staff Engineer  
Stephen Bradley, GKA Operations Manager  
Harry Cellos, Staff E&I Engineer  
Malcolm Huson, NSOD Pipeline Operations Supervisor  
Kenneth Martin, Production Engineering Regional Advisor  
Gary Sykes, Exploration Evaluation and Operations Manager  
Gary Targac, Production Engineering Supervisor

**Colombie, Jody J (DOA)**

---

**From:** Marsha.Yon@emerson.com  
**Sent:** Monday, January 12, 2009 10:36 AM  
**To:** Colombie, Jody J (DOA)  
**Cc:** Steve.Resnick@emerson.com  
**Subject:** Proposed Amendment to 20 AAC 25.228 (b)

As a supplier of equipment for hydrocarbon measurement and a member of the API Committee on Liquid Measurement, I'd like to submit the following for your review:

The AOGCC proposed amendment statement "Hydrocarbon measurement equipment must be fabricated, installed, and maintained in conformance with relevant parts of the API Manual of Petroleum Measurement Standards, as revised as of November 30, 1998" appears to preclude the use of the more recently published API standards.

If the intent is to utilize the most current API standard for new metering installations or changes in flow metering equipment at an existing installation, the amendment might more clearly state "***Hydrocarbon measurement equipment must be fabricated, installed and maintained in conformance with the version of the relevant parts of the API Manual of Petroleum Measurement Standards that is current at the time of the proposed installation or alteration of the equipment.***"

Thank you for the opportunity to comment on the proposed amendment.

Marsha Yon | Business Development Mgr. | Micro Motion, Inc.  
Emerson Process Management | 12603 Southwest Frwy, Suite 400 |  
Stafford | TX | 77477  
T +1 281 207 2862 | F +1 281 207 2815 | M +1 281 468 1324  
[Marsha.Yon@Emerson.com](mailto:Marsha.Yon@Emerson.com) |  
[www.EmersonProcess.com/MicroMotion](http://www.EmersonProcess.com/MicroMotion)

1/20/2009

# 4

STATE OF ALASKA

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## AGENCY CONTACT

DATE OF A.O.

January 22, 2009

Jody Colombie

PHONE

PCN

(907) 793-1221

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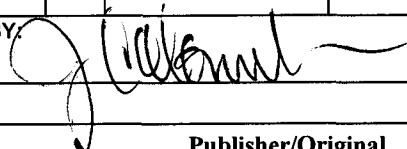
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REQUISITIONED BY:  DIVISION APPROVAL:

**STATE OF ALASKA**  
**SUPPLEMENTAL NOTICE OF PROPOSED CHANGES IN THE REGULATIONS OF THE**  
**ALASKA OIL AND GAS CONSERVATION COMMISSION**

The Alaska Oil and Gas Conservation Commission (Commission) proposes to adopt changes to Title 20, Chapter 25, of the Alaska Administrative Code. The Commission proposes to amend 20 AAC 25.228(b) to require an operator to provide information to and obtain the approval of the Commission prior to the following: (1) installing or altering hydrocarbon measurement equipment used for custody transfer purposes; and (2) adopting or changing the methodology used for determining hydrocarbon volumes.

For a copy of the proposed regulation changes, contact Jody Colombie, Special Assistant to the Commission, at 907-793-1121 or [jody.colombie@alaska.gov](mailto:jody.colombie@alaska.gov), or visit [www.aogcc.alaska.gov](http://www.aogcc.alaska.gov).

The purpose of this supplemental notice is to provide notice of the deadline (which was inadvertently omitted from the notice dated November 12, 2008) for the Commission's receipt of written comments on the proposed regulation changes, including the potential costs to private persons of complying with them.

All written comments must be received by the Commission by 4:30 p.m. on February 23, 2009. They must be addressed to Ms. Colombie at [jody.colombie@alaska.gov](mailto:jody.colombie@alaska.gov) or at the Commission (333 W. 7<sup>th</sup> Ave., Suite 100, Anchorage, AK 99501).

If you need a special accommodation because of a disability, contact Ms. Colombie by February 18, 2009.

YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED BY THE PROPOSED REGULATION CHANGES. After the public comment period, the Commission will, without further notice, adopt the proposed changes or other regulation changes dealing with the same subject or take no action. Accordingly, the language of any final regulations may be different from the proposed changes. (Written and oral comments are public.)

**Statutory Authority:** AS 31.05.030.

**Statutes Being Implemented, Interpreted, or Made Specific:** AS 31.05.030.

**Fiscal Information:** The proposed regulation changes are not expected to require an increased appropriation.

DATE: January 23, 2009



Daniel T. Seamount, Jr.  
Chair



STATE OF ALASKA

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Anchorage, AK 99501  
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AGENCY CONTACT

Jody Colombie

PHONE

(907) 793-1221

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Supply & Distribution  
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San Antonio, TX 78216

George Vaught, Jr.  
PO Box 13557  
Denver, CO 80201-3557

Jerry Hodgden  
Hodgden Oil Company  
408 18th Street  
Golden, CO 80401-2433

Richard Neahring  
NRG Associates  
President  
PO Box 1655  
Colorado Springs, CO 80901

Mark Wedman  
Halliburton  
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Barrow, AK 99723

*Mailed 1/22/09*

Alaska Oil & Gas Conservation  
Commission  
AnchorageRECEIVED  
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AD #	DATE	PO	ACCOUNT	PRICE PER DAY	OTHER CHARGES	OTHER CHARGES #2	OTHER CHARGES #3	GRAND TOTAL
596985	01/23/2009	02914016	STOF0330	\$229.08				
				\$229.08	\$0.00	\$0.00	\$0.00	\$229.08

**STATE OF ALASKA  
THIRD JUDICIAL DISTRICT**

Shane Drew, being first duly sworn on oath deposes and says that he is an advertising representative of the Anchorage Daily News, a daily newspaper.

That said newspaper has been approved by the Third Judicial Court, Anchorage, Alaska, and it now and has been published in the English language continually as a daily newspaper in Anchorage, Alaska, and it is now and during all said time was printed in an office maintained at the aforesaid place of publication of said newspaper. That the annexed is a copy of an advertisement as it was published in regular issues (and not in supplemental form) of said newspaper on the above dates and that such newspaper was regularly distributed to its subscribers during all of said period. That the full amount of the fee charged for the foregoing publication is not in excess of the rate charged private individuals.

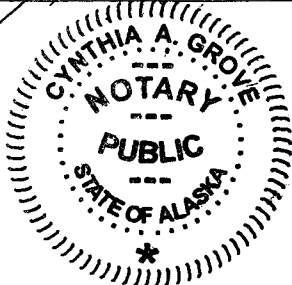
Signed

*Shane Drew*

Subscribed and sworn to me before this date:

*1/28/09*

Notary Public in and for the State of Alaska.  
Third Division. Anchorage, Alaska

MY COMMISSION EXPIRES: *12/17/09**Cynthia A. Grove***STATE OF ALASKA  
SUPPLEMENTAL NOTICE OF PROPOSED  
CHANGES IN THE REGULATIONS OF THE  
ALASKA OIL AND GAS CONSERVATION  
COMMISSION**

The Alaska Oil and Gas Conservation Commission (Commission) proposes to adopt changes to Title 20, Chapter 25, of the Alaska Administrative Code. The Commission proposes to amend 20 AAC 25.228(b) to require an operator to provide information to and obtain the approval of the Commission prior to the following: (1) installing or altering hydrocarbon measurement equipment used for custody transfer purposes; and (2) adopting or changing the methodology used for determining hydrocarbon volumes.

For a copy of the proposed regulation changes, contact Jody Colombie, Special Assistant to the Commission, at 907-793-1121 or [jody.colombie@alaska.gov](mailto:jody.colombie@alaska.gov), or visit [www.aogcc.alaska.gov](http://www.aogcc.alaska.gov).

The purpose of this supplemental notice is to provide notice of the deadline (which was inadvertently omitted from the notice dated November 12, 2008) for the Commission's receipt of written comments on the proposed regulation changes, including the potential costs to private persons of complying with them.

All written comments must be received by the Commission by 4:30 p.m. on February 23, 2009. They must be addressed to Ms. Colombie at [jody.colombie@alaska.gov](mailto:jody.colombie@alaska.gov) or at the Commission (333 W. 7th Ave., Suite 100, Anchorage, AK 99501).

If you need a special accommodation because of a disability, contact Ms. Colombie by February 18, 2009.

YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED BY THE PROPOSED REGULATION CHANGES. After the public comment period, the Commission will, without further notice, adopt the proposed changes or other regulation changes dealing with the same subject or take no action. Accordingly, the language of any final regulations may be different from the proposed changes. (Written and oral comments are public.)

Statutory Authority: AS 31.05.030.  
Statutes Being Implemented, Interpreted, or Made Specific: AS 31.05.030.

Fiscal Information: The proposed regulation changes are not expected to require an increased appropriation.

DATE: January 23, 2009

Daniel T. Seamount, Jr.  
ChairAO-02914016  
Published: January 23, 2009

**Colombie, Jody J (DOA)**

**From:** Colombie, Jody J (DOA)  
**Sent:** Thursday, January 22, 2009 2:49 PM  
**Subject:** Supplemental Notice AOGCC Hydrocarbon Metering  
**Attachments:** Supplemental Notice.pdf; Hydrocarbon Measurement Equipment Regulation.pdf

**BCC:** Aaron Gluzman; caunderwood@marathonoil.com; Dale Hoffman; Fridiric Grenier; Gary Orr; Joe Longo; Lamont Frazer; Marc Kuck; Mary Aschoff; Maurizio Grandi; P Bates; Richard Garrard; Sandra Lemke; Scott Nash; Steve Virant; Tom Gennings; Willem Vollenbrock; William Van Dyke; Woolf, Wendy C (DNR); Aleutians East Borough; Anna Raff; Barbara F Fullmer; bbritch; Bill Walker; Brad McKim; Brandon Gagnon; Brian Gillespie; Brit Lively; Bruce Webb; buonoje; Cammy Taylor; Cande.Brandow; carol smyth; Cary Carrigan; Charles O'Donnell; Chris Gay; Cliff Posey; Dan Bross; dapa; Daryl J. Kleppin; David Brown; David Gorney; David Hall; David House; David L Boelens; David Steingreaber; ddonkel; Deborah Jones; doug\_schultze; Eric Lidji ; Evan Harness; eyancy; foms2@mtaonline.net; Francis S. Sommer; Fred Steece; Garland Robinson; Gary Laughlin; Gary Rogers; Gary Schultz; ghammons; Gordon Pospisil; Gregg Nady; gspfoff; Hank Alford; Harry Engel; Havelock, Brian E (DNR); jah; James Scherr; Janet D. Platt; jejones; Jerry McCutcheon; Jim Arlington; Jim White; Jim Winegarner; Joe Nicks; John Garing; John S. Haworth; John Spain; John Tower; John W Katz; johnny.aiken@north-slope.org; Jon Goltz; Julie Houle; Kari Moriarty; Kaynell Zeman; Keith Wiles; knelson@petroleumnews.com; Krissell Crandall; Kristin Dirks; Laura Silliphant; Lynnnda Kahn; mail=akpratts@acsalaska.net; mail=foms@mtaonline.net; Marilyn Crockett; Mark Dalton; Mark Hanley; Mark Kovac; Mark P. Worcester; Marquerite kremer; Matt Rader; Melanie Brown; Mike Bill; Mike Jacobs; Mike Mason; Mikel Schultz; Mindy Lewis; MJ Loveland; mjnelson; mkm7200; Nick W. Glover; NSK Problem Well Supv; NSU, ADW Well Integrity Engineer; Patty Alfaro; Paul Decker; Paul Winslow; Pierce, Sandra M (DNR); Randall Kanady; Randy L. Skillern; rcrotty; Rice, Cody J (DNR); rmclean; Rob McWhorter ; rob.g.dragnich@exxonmobil.com; Robert Campbell; Robert Fowler; Robert Province; Roger Belman; Rudy Brueggeman; Scott Cranswick; Shannon Donnelly; Sharmaine Copeland; Sondra Stewman; Sonja Frankllin; Stan Porhola; stanekj; Steve Lambert; Steve Moothart; Steven R. Rossberg; tablerk; Tamera Sheffield; Temple Davidson; Terrie Hubble; Tim Lawlor; Todd Durkee; Tony Hopfinger; trmjrl; Von Gemmingen, Scott E (DOR); Walter Featherly; Walter Quay; Wayne Rancier; Birnbaum, Alan J (LAW); Crisp, John H (DOA); Davies, Stephen F (DOA); Fleckenstein, Robert J (DOA); Foerster, Catherine P (DOA); Grimaldi, Louis R (DOA); Johnson, Elaine M (DOA); Jones, Jeffery B (DOA); Laasch, Linda K (DOA); Mahnken, Christine R (DOA); Maunder, Thomas E (DOA); McIver, Bren (DOA); McMains, Stephen E (DOA); Noble, Robert C (DOA); Norman, John K (DOA); Okland, Howard D (DOA); Paladijczuk, Tracie L (DOA); Pasqual, Maria (DOA); Regg, James B (DOA); Roby, David S (DOA); Saltmarsh, Arthur C (DOA); Scheve, Charles M (DOA); Seamount, Dan T (DOA); Smith, Chasity R (DOA); Williamson, Mary J (DOA); Austerman, Alan; Buch, Bob (LAA); Bunde, Con (LAA); Chenault, Mike (LAA); Cissna, Sharon (LAA); Coghill, John (LAA); Crawford, Harry (LAA); Dahlstrom, Nancy (LAA); Davis, Bettye J (LAA); Doogan, Mike (LAA); Dyson, Fred (LAA); Edgmon, Bryce E (LAA); Ellis, Johnny (LAA); Elton, Kim S (LAA); Fairclough, Anna (LAA); Foster, Richard; French, Hollis (LAA); Gara, Les (LAA); Gardner, Berta (LAA); Gatto, Carl (LAA); Gruenberg, Max F (LAA); Guttenberg, David (LAA); Harris, John (LAA); Hawker, Mike (LAA); Herron, Bob; Hoffman, Lyman F (LAA); Holmes, Lindsey (LAA); Huggins, Charlie (LAA); Johansen, Kyle B (LAA); Johnson, Craig W (LAA); Joule, Reggie (LAA); Kawasaki, Scott Jw (LAA); Keller, Wes (LAA); Kelly, Mike (LAA); Kerttula, Beth (LAA); Kookesh, Albert (LAA); Lynn, Bob (LAA); McGuire, Lesil L (LAA); Menard, Linda K; Meyer, Kevin G (LAA); Millett, Charisse; Munoz, Cathy; Nelson, Mary (LAA); Neuman, Mark A (LAA); Olson, Donny (LAA); Olson, Kurt E (LAA); Paskvan, Joe; Petersen, Pete; Ramras, Jay B (LAA); Salmon, Woodie W (LAA); Seaton, Paul (LAA); Stedman, Bert K (LAA); Stevens, Gary L (LAA); Stoltze, Bill (LAA); Therriault, Gene (LAA); Thomas, Bill (LAA); Thomas, Joe (LAA); Tuck, Chris; Wagoner, Tom (LAA); Wielechowski, Bill (LAA); Wilken, Gary R (LAA); Wilson, Peggy A (LAA); David Johnson; Kara, Danny T; Leslie Adams; Randy Hicks; Tiffany Stebbins

**Attachments:**Supplemental Notice.pdf;Hydrocarbon Measurement Equipment Regulation.pdf;

Attached is a Supplemental Notice that merely provides a date (February 23, 2009) by which the AOGCC must receive written comments in regards to the proposed regulation changes to 20 AAC 25.228 (b).

Attached for the convenience of those legislators who have been newly elected, I am attaching the original notice as well as the proposed regulations along with the supplemental notice.

The recent new meter installations have uncovered a gap in our regulations. There is currently nothing to specify that and how an operator must receive initial approval for custody transfer metering equipment. Custody transfer metering systems are used to measure hydrocarbon volumes for revenue and tax determinations. Therefore, initial approval is necessary to prevent an improperly designed, installed, or calibrated custody transfer metering system from going into service.

*Jody J. Colombie*  
Special Assistant to the Commission  
Alaska Oil and Gas Conservation Commission  
333 West 7th Avenue, Suite 100  
Anchorage, Alaska 99501  
(907) 793-1221 Direct Line  
(907) 276-7542 Fax

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ALASKA OIL AND GAS CONSERVATION COMMISSION

Before Commissioners: Daniel T. Seamount, Chair  
Cathy Foerster  
John K. Norman

In the Matter of the Proposed )  
Amendments to 20 AAC 25.228 and )  
20 AAC 25.230 Regarding )  
Production Measurement Equipment )  
for Custody Transfer Regulations )  
\_\_\_\_\_ )

ALASKA OIL and GAS CONSERVATION COMMISSION  
Anchorage, Alaska

January 13, 2009  
9:00 o'clock a.m.

VOLUME I  
PUBLIC HEARING

BEFORE: Daniel T. Seamount, Chair  
Cathy Foerster, Commissioner  
John K. Norman, Commissioner

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P R O C E E D I N G S

Tape 1

0050

(On record - 9:03 a.m.)

CHAIR SEAMOUNT: On the record. Today is Tuesday, January 13th, 2009; is it 9:03 a.m. We're located at 333 West Seventh Avenue, Suite 100, Anchorage, Alaska. Those are the offices of the Alaska Oil & Gas Conservation Commission. To my left is Commissioner Cathy Foerster, to my right is Commissioner John Norman. And I am Dan Seamount, the Chair.

If anyone has any special needs, please let Tracie Paladwczuk -- did I do that right?

MS. PALADWCZUK: You did.

(Off record comments)

CHAIR SEAMOUNT: Please see Tracie and she'll make sure that she tries to meet your needs.

R & R Court Reporting will be recording the proceedings. You can get a copy from R & R Court Reporters when -- when they are -- when they're ready.

The purpose of this hearing is to consider proposed amendments to the Production Measuring Equipment for Custody Transfer regulations of the Alaska Oil & Gas Conservation Commission. The proposed regulation changes requires operators to provide information to and obtain the approval of the Commission prior to one, installing or altering hydrocarbon

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1 measurement equipment used for custody transfer purposes and  
2 two, adopting or changing the methodology used for determining  
3 hydrocarbon volumes.

4 Notice of this hearing was published in the Anchorage  
5 Daily News on November 14th, 2008. It's also been posted on  
6 the State of Alaska online notices website as well as AOGCC's  
7 own website.

8 This hearing will be held in accordance with 20 AAC 25.540  
9 of the Alaska Administrative Code. The hearing will be  
10 recorded. Is the sign up sheet around here somewhere?

11 COMMISSIONER FOERSTER: Somebody just came in who hasn't  
12 signed in.

13 CHAIR SEAMOUNT: I want to remind anybody that has an  
14 intention to testify this morning that you speak in both the  
15 microphones, there's two microphones in front of you, one is  
16 for amplification within this room -- can everybody hear me  
17 okay, it's working? Okay. And the other is for the purposes  
18 of facilitating the court reporter's work.

19 The practice is to swear witnesses and we will follow the  
20 practice. Also if you do intend to be testifying as an expert  
21 witness, that is someone with experience and background on the  
22 subject matter on the regulations, then I will ask you to  
23 indicate your background and your experience so the Commission  
24 can gauge whether you fall into the category of an expert  
25 witness. And where is the sign up sheet?

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1 (Off record comments)

2 CHAIR SEAMOUNT: We have one, two, three testifiers, One,  
3 Tom Maunder, Senior Petroleum Engineer with the AOGCC, I guess  
4 he'll testify first to introduce people to the amendments. And  
5 then we've got Marilyn Crockett of AOGA who wishes to testify.  
6 I assume you want to go next, is that true, Marilyn, you want  
7 to go before Harry Engel of BP? Will that be the order? Okay.  
8 All right. Good deal. If there's anybody -- is there else in  
9 the room that wishes to testify? Hearing none, we'll check one  
10 more time after the three for sure testifiers testify.

11 Okay. We'll start with Mr. Tom Maunder, AOGCC. Are you  
12 going to be giving sworn testimony?

13 MR. MAUNDER: Yes, sir, I will be.

14 CHAIR SEAMOUNT: Raise your right hand.

15 (Oath administered)

16 MR. MAUNDER: I do.

17 CHAIR SEAMOUNT: Please state your name?

18 MR. MAUNDER: Thomas E. Maunder, M-a-u-n-d-e-r.

19 CHAIR SEAMOUNT: Who do you represent?

20 MR. MAUNDER: I represent the staff of the Alaska Oil &  
21 Gas Conservation Commission. I'm a Senior Petroleum Engineer  
22 working for the Commission.

23 CHAIR SEAMOUNT: Do you wish to be considered an expert  
24 witness?

25 MR. MAUNDER: Yes, sir, I do.

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1 CHAIR SEAMOUNT: Please give us your qual -- oh what is  
2 the subject.....

3 MR. MAUNDER: I would.....

4 CHAIR SEAMOUNT: .....or what is the discipline that you  
5 want to be the expert in?

6 MR. MAUNDER: Petroleum Engineering.

7 CHAIR SEAMOUNT: And, I guess, just give us your  
8 qualifications?

9 MR. MAUNDER: Thank you Commissioner Seamount.

10 COMMISSIONER FOERSTER: What subset of petroleum  
11 engineering so you don't give us all of your qualifications?

12 MR. MAUNDER: With regard to the measurement for custody  
13 transfer.

14 COMMISSIONER FOERSTER: All right. So you just really  
15 need to keep your qualifications to that.

16 MR. MAUNDER: Yes, Commissioner Foerster. I have a  
17 bachelor of science from Montana State University in 1977 in  
18 chemical engineering and have been employed in various aspects  
19 of the oil industry since graduating college.

20 Early on in that career employed for Phillips Petroleum  
21 Company in Norway. I was involved with the custody transfer  
22 measurement of their Ekofisk project in the North Sea. I've  
23 also -- as I have progressed in my career I returned to  
24 association with measurement activities when I joined the  
25 Commission in September of 1999.

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1       As an Engineer on the Commission and then Senior Petroleum  
2 Engineer on the Commission is has been my -- part of my  
3 responsibility has been to work with the inspectors as they  
4 examine and audit the proving and calibration of the various  
5 metering facilities throughout the state of Alaska. We are  
6 fortunate to have a very experienced cadre of inspectors that  
7 keep close tabs on the equipment that is used for measuring  
8 hydrocarbons as they are produced throughout the state both in  
9 Cook Inlet and on the North Slope.

10       My experience with the custody transfer measurement in  
11 particular has been involved with familiarity with the API  
12 petroleum standards and the ability early on in my career when  
13 I was involved with the measurement in the North Sea to take  
14 the proving equations and program them into hand held  
15 calculators to facilitate the work on the inspectors that were  
16 employed at that time. I'm not sure what else you would wish  
17 me to add.

18       COMMISSIONER FOERSTER: That's enough for me.

19       CHAIR SEAMOUNT: Commissioner Foerster, I guess you've  
20 already -- do you have any other comments or questions?

21       COMMISSIONER FOERSTER: I'm good.

22       CHAIR SEAMOUNT: Commissioner Norman, do you have any  
23 comments or questions?

24       COMMISSIONER NORMAN: I have no questions.

25       CHAIR SEAMOUNT: Let's see, how do we do this, it's been a

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1 while?

2 COMMISSIONER NORMAN: The Chair can just accept.....

3 CHAIR SEAMOUNT: Okay. We will accept Mr. Maunder as an  
4 expert witness in the discipline of petroleum engineer with the  
5 specific expertise in metering. Is that correct, Commissioner  
6 Foerster?

7 COMMISSIONER FOERSTER: Works for me.

8 CHAIR SEAMOUNT: Okay. Before we proceed with Mr.  
9 Maunder, I did a fo pa (ph) in hearing etiquette and I was  
10 wondering do any of the other Commissioners have any  
11 preliminary statements or comments to make regarding this  
12 hearing?

13 (Off record comments)

14 COMMISSIONER NORMAN: I have nothing.

15 CHAIR SEAMOUNT: Okay. Please proceed, Mr. Maunder.

16 MR. MAUNDER: Thank you, Commissioner Seamount.

17 **THOMAS E. MAUNDER**

18 previously sworn, called as a witness on behalf of the AOGCC,  
19 testified as follows on:

20 **DIRECT EXAMINATION**

21 MR. MAUNDER: I have a prepared statement that Tracie has  
22 copies of and she'll distribute to the audience here.

23 (Off record comments)

24 CHAIR SEAMOUNT: Mr. Maunder, please proceed.

25 MR. MAUNDER: Thank you, Commissioner Seamount. The

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1 Commission's authority regarding the measurement of oil and gas  
2 may be found at AS 31.05.030(d)(6) where it is stated, the  
3 Commission may require the gauging or other measuring of oil  
4 and gas to determine the quality and quantity of oil and gas.  
5 20 AAC 25.228 and 25.230 are the present regulations that  
6 implement the authority granted in statute for measurement.

7 25.228 first appears in the regulations effective April  
8 2nd, 1986 and as written then specifically pertain to the  
9 equipment employed to physically measure and mathematically  
10 calculate the quantities of oil and gas.

11 25.230 immediately following contained further  
12 requirements pertaining to individual well measurement and  
13 allocation as well as a measurement prior to severance from the  
14 property or unit where produced. 25.230 in an earlier form was  
15 present in the Commission regulations effective July, 1980.

16 Measurement prior to severance from the property or unit  
17 is known as custody transfer. It is also known as LACT or  
18 lease automated custody transfer. In 1998 25.228 and 25.230  
19 were amended and reorganized. 25.228 in its amended form  
20 addresses measurement equipment and procedures for custody  
21 transfer measurement. 25.230 as currently written addresses  
22 only allocation measurement and production reporting.

23 The intent of the amendment being considered today is to  
24 require the operator of the unit or property to involve the  
25 Commission before a new custody transfer station is installed

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1 or existing equipment is altered. By adopting this amendment  
2 the onus is on the operator to apprise the Commission of their  
3 plans in advance of the equipment being fabricated and  
4 installed or altered.

5 The adoption of this amendment will allow the Commission  
6 to conduct our due diligence regarding custody transfer  
7 measurement and help avoid situations that have been  
8 encountered in the last several years. These include the  
9 fabrication and installation of equipment to measure gas  
10 leaving Alpine for Nuiqsut.

11 When the Commission was ultimately presented with the  
12 information on the meters it was determined that the  
13 uncertainty of the meters chosen exceeded that of standard  
14 orifice meters and the chosen meters ultimately needed to be  
15 replaced. Another situation was encountered where the  
16 functional meter elements, including the electronic signaling  
17 equipment, were changed and the Commission first became aware  
18 of the changes when one of the inspectors was routinely  
19 inspecting the measurement location.

20 In the first case the uncertainties of the chosen meters  
21 clearly exceeded the uncertainty of orifice meters which is  
22 essentially the maximum uncertainty presently accepted.  
23 Contact up front with the Commission would have eliminated the  
24 need to replace the meters. In the second case while the new  
25 equipment did meet the requirements of the petroleum

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1 measurement standards which satisfied the present effective  
2 regulation, I don't believe it's acceptable that changes in  
3 custody transfer measurement equipment are discovered through  
4 routine inspection.

5 I do not believe that this amendment places a large burden  
6 on the operators. The State is not the only party interested  
7 in quality measurement being performed. There are other  
8 parties to the commercial transaction with financial interest  
9 in excess of the State's.

10 The present regulation requires that equipment used for  
11 custody transfers be fabricated, installed and maintained in  
12 accord with petroleum management standards and that the  
13 ultimate measurement of hydrocarbon also be in accord with the  
14 standards. This proposed amendment does not change that.

15 The additional requirements being placed in the regulation  
16 are to provide the Commission advance notice, copies of the  
17 relevant document regarding the equipment and calculations and  
18 the opportunity to review and concur with the plans.

19 This concludes my testimony.

20 CHAIR SEAMOUNT: Thank you, Mr. Maunder. Commissioner  
21 Foerster, do you have any comments or questions?

22 COMMISSIONER FOERSTER: I do. I have one. Mr.  
23 Maunder.....

24 MR. MAUNDER: Yes, Commissioner?

25 COMMISSIONER NORMAN: .....somewhere in the back of my

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1 mind I'm remembering a case where one of our inspectors  
2 discovered that there was a custody transfer meter that we  
3 weren't aware of or that -- is that true?

4 MR. MAUNDER: Yes, ma'am, that is true. There was a gas  
5 measurement station on the Inlet -- on the Kenai peninsula that  
6 had been placed in service and again it was discovered when one  
7 of the inspectors was down doing routine inspections.

8 COMMISSIONER FOERSTER: Okay. So that's another example  
9 of the impetus.....

10 MR. MAUNDER: Yes, ma'am. There are a total, I believe,  
11 of about five events in the last four or five years.

12 COMMISSIONER FOERSTER: Okay. Thank you. So I have  
13 another question. When you talk about individual well  
14 measurement, does that apply to every measurement technique  
15 employed everywhere or is it just for custody transfer  
16 measurements?

17 MR. MAUNDER: This amendment pertains specifically to  
18 custody transfer measurement.

19 COMMISSIONER FOERSTER: Okay.

20 MR. MAUNDER: We are not -- we are not extending it into  
21 the equipment that's used for well testing.....

22 COMMISSIONER FOERSTER: Okay.

23 MR. MAUNDER: .....that is not maintained to the standard,  
24 the exactness of the equipment used to measure the production  
25 being taken from a lease.

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1 COMMISSIONER FOERSTER: Okay. Thank you. That's all my  
2 questions.

3 CHAIR SEAMOUNT: Commissioner Norman, do you have any  
4 questions?

5 COMMISSIONER NORMAN: Just one question, Mr. Maunder. You  
6 mentioned the additional burden on private persons, operators  
7 or others. Could you elaborate a little bit on how if this  
8 change is adopted it might place either an additional financial  
9 or administrative or other burden on industry or anyone else?

10 MR. MAUNDER: There may be a slight increase in  
11 administrative burden in having to do the -- provide the  
12 additional copies and interface with members of the Commission  
13 staff regarding the proposed metering installation or the -- or  
14 the change to an existing station. My experience at least from  
15 what I've seen so far is that the documents are all prepared --  
16 the documents that we would want copies of are prepared in the  
17 course of the station design and the approvals within the  
18 parties -- the operators and the partners in a lease or the  
19 property.

20 COMMISSIONER NORMAN: Thank you. Nothing further.

21 CHAIR SEAMOUNT: Thank you. Okay. Thank you, Mr.  
22 Maunder, if you could stick around until the end of the hearing  
23 in case we need to call you back.....

24 MR. MAUNDER: Certainly.

25 CHAIR SEAMOUNT: .....we'd appreciate it. Okay. We'll

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1 have our next testifier or testifiers, please, approach -- I  
2 guess approach the bench or sit at the table. Sit at the  
3 table. Are you both going to be wanting to give sworn  
4 testimony?

5 MR. ENGEL: Yes.

6 CHAIR SEAMOUNT: Okay. Please raise your right hands.  
7 (Oath administered)

8 MS. CROCKETT: Yes.

9 MR. ENGEL: Yes.

10 CHAIR SEAMOUNT: Thank you. Who will be testifying first?

11 MS. CROCKETT: Mr. Chairman, my name's Marilyn Crockett,  
12 I'm the Executive Director of the Alaska Oil & Gas Association.  
13 I'm joined today by Mr. Harry Engel with BP. Mr. Engel is the  
14 Chair of the AOGCC Task Group that operates within the  
15 Association. I'm here to introduce Mr. Engel. I will turn  
16 over the actual technical testimony to him after a short  
17 introduction on my part.

18 CHAIR SEAMOUNT: And so I assume you don't want to be  
19 qualified as an expert witness, is that true?

20 MS. CROCKETT: That's correct, I do not.

21 CHAIR SEAMOUNT: Okay. Then please proceed.

22 MS. CROCKETT: Thank you, Mr. Chairman.

23 **MARILYN CROCKETT**

24 previously sworn, called as a witness on behalf of AOGA,  
25 testified as follows on:

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DIRECT EXAMINATION

MS. CROCKETT: Again my name is Marilyn Crockett, I'm the Executive Director of the Alaska Oil & Gas Association or AOGA as we're otherwise known. AOGA is a trade association which represents the majority of oil and gas exploration, production, transportation, refining and marketing activities in Alaska and our membership comprises companies that operate not only -- and produce not only on the North Slope, but also in Cook Inlet.

Our Task Group is represented by members of the AOGA membership who have expertise and experience in this particular regard. And as I mentioned earlier, Mr. Engel is the Chair of our Task Group and he will be presenting the detailed comments before you today. We've handed out copies of the three page letter that we prepared in advance of this hearing.

CHAIR SEAMOUNT: Thank you.

MS. CROCKETT: And I will turn it over to Mr. Engel.

MR. ENGEL: Good morning.

CHAIR SEAMOUNT: And, Mr. Engel, are you -- I assume you want to be qualified as an expert witness.....

MR. ENGEL: Yes.

CHAIR SEAMOUNT: .....is that true? Okay. What is the subject?

MR. ENGEL: Petroleum engineering.

CHAIR SEAMOUNT: And specifically?

MR. ENGEL: Operations.

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1 CHAIR SEAMOUNT: And could you, please, give us your  
2 qualifications?

3 MR. ENGEL: Yes, Mr. Chairman. Good morning. My name is  
4 Harry Engel and I'm currently an engineering team leader within  
5 BP's drilling and wells organization. I have 28 years of  
6 experience in the oil and gas industry, focusing on drilling  
7 engineering, field, well side leadership roles, operational  
8 auditing and some HSE management positions as well. I've  
9 worked in the North American Rocky Mountains and most of the  
10 operating areas in Alaska with several international  
11 assignments.

12 My expertise is focused on drilling engineering with the  
13 emphasis on field operations. I have broad knowledge of  
14 production measurement equipment technology and the relevant  
15 API standards. Considering this is a specialized topic, I have  
16 consulted with our engineering staff within BP to understand  
17 more of the day to day operations. And I feel I'm qualified  
18 this morning to present our comments to the proposed  
19 regulations.

20 CHAIR SEAMOUNT: Thank you, Mr. Engel. Commissioner  
21 Foerster, comments, questions?

22 (Off record comments)

23 CHAIR SEAMOUNT: Commissioner Norman?

24 COMMISSIONER NORMAN: The only question I have, I believe  
25 that Ms. Crockett clarified it, but you are speaking of the

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1 representative for all of AOGA?

2 MR. ENGEL: Yes, Commissioner Norman, I am. This morning  
3 I'm representing the AOGA companies as Chairman of the AOGCC  
4 Task Group.

5 COMMISSIONER NORMAN: Thank you.

6 CHAIR SEAMOUNT: Do I hear any opposition to qualifying  
7 Mr. Engel as an expert witness?

8 COMMISSIONER FOERSTER: None from me.

9 COMMISSIONER NORMAN: No objection.

10 CHAIR SEAMOUNT: Hearing none, Mr. Engel is considered an  
11 expert witness for this hearing.

12 MR. ENGEL: Thank you, Mr. Chairman.

13 HARRY ENGEL

14 previously sworn, called as a witness on behalf of AOGA,  
15 testified as follows on:

16 DIRECT EXAMINATION

17 MR. ENGEL: As Marilyn mentioned, we did provide a letter  
18 this morning that summarizes our comments, mainly a series of  
19 comments and questions regarding the proposed regulations. And  
20 we believe that the broad nature of the regulations could  
21 present some problems to member companies with regard to the  
22 application of the regulation to certain equipment used for  
23 petroleum measurement activities in the field. And we believe  
24 that due to our -- unclear nature of the regulation, there may  
25 be some inadvertent non-compliance that could result from

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1 operators not quite understanding the total application of the  
2 regulation.

3       So what I'll do this morning is go through the letter and  
4 -- I'm not going to read it verbatim, but I thought I would  
5 summarize our questions and concerns. And if the Commission  
6 feels we can deal with the questions now that would be fine or  
7 we can just present the questions and then end up with a  
8 request that we meet with staff at a later date to better  
9 understand the intent and application of the regulations. Is  
10 that an okay approach with the Commission?

11       COMMISSIONER FOERSTER: Yes.

12       MR. ENGEL: Okay. Great. So what I'll start with is our  
13 questions are significant in cases where we have a surface  
14 and/or subsurface commingling of pools or units that take place  
15 at -- before actual custody transfer operations. In those  
16 cases a methodology is developed that actually allocates  
17 production to individual pools or units. And we just want to  
18 make sure that we understand how this is going to work with the  
19 commingling -- a commingling situation.

20       So the first question we have is around a definition and  
21 the definition that we need clarity around is hydrocarbon  
22 measurement equipment that's expressed in the current  
23 regulation. And the concern there is are we referring LACT  
24 meters like Mr. Maunder mentioned earlier or are we talking  
25 about well testing equipment. So there -- there's quite a

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1 difference there between the application of that to either a  
2 well testing operation or a lease automated custody transfer  
3 unit.

4 COMMISSIONER NORMAN: Mr. Engel -- if I can ask a  
5 question, Mr. Chairman, on that?

6 CHAIR SEAMOUNT: Yes.

7 COMMISSIONER NORMAN: Subsection (a) talks about -- sets  
8 up the requirement, the conditions for (b) by talking about  
9 hydrocarbon production must be measured before severance from  
10 the property or unit which would exclude testing on the  
11 property unless there is a severance. Your concern here on  
12 item one, I just want to be sure we understand it before we go  
13 on by it, is that the change could also pull in testing  
14 equipment as well as the traditional LACT meters?

15 MR. ENGEL: Yes.

16 COMMISSIONER NORMAN: Okay.

17 MR. ENGEL: Yes, sir.

18 COMMISSIONER NORMAN: Thank you.

19 MR. ENGEL: Okay. The second question we have is related  
20 to the term methodology. And the methodology term may refer to  
21 the calculations inherent to the operations of metering  
22 equipment or it may refer to the termination of volumes  
23 allocated to commingled pools or units. So just getting  
24 clarity around how that term would apply would be helpful to  
25 us.

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1       The next question is related to altering equipment. To  
2       what extent would an altering activity require approval from  
3       the AOGCC. So I think that would be beneficial for us to  
4       understand to what extent we would have to apply for an  
5       application for taking -- just doing, for example, say  
6       preventive maintenance activities on a unit.

7       The next point is related to the reference to the API  
8       standard in the regulation. And we would recommend that  
9       language be included in the proposed regulations that would  
10      allow us to use the most current version of the API standard.

11      The next topic is around the expression that's currently  
12      in the draft, providing information. We think that's a vague  
13      expression and we think that having specific requirements would  
14      help an operator fulfill the requirements of the Commission and  
15      help them approve an application for metering equipment.

16      And the last point or the next point is related to timing  
17      for approvals for both new installations and for existing  
18      regulation -- existing installations. And we believe a  
19      timeline would help an operator to plan and to submit an  
20      application to the AOGCC for consideration.

21      There is one point we want to address and that is -- it's  
22      not included actually in the draft of the regulation, but it's  
23      in section (a) of 25.228. And we're suggesting -- we have a  
24      suggestion regarding approval of equipment that would be used  
25      to measure volumes downstream of leaving a commingling point.

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1 For example, if an operator proposes to bring two units  
2 together, having the ability to measure hydrocarbon downstream  
3 would be beneficial to an operator. And I think.....

4 COMMISSIONER FOERSTER: Do -- can I ask a question? Can  
5 you give me any examples of where you have lease -- you know,  
6 custody transfer measurement upstream of the commingling?

7 MR. ENGEL: Well, Commissioner Foerster, there may be a  
8 case that may be coming up in the near future in some areas  
9 where an operator may bring some production into an existing  
10 unit and it may be measured before it actually leaves the  
11 lease. So it would be a different approach to measuring than  
12 we currently have in place today. So I'm talking vaguely, but  
13 it's an area that may come up with future development on the  
14 North Slope.

15 COMMISSIONER FOERSTER: You -- I'm assuming that you'll be  
16 able to talk to us vaguely when you meet with staff?

17 MR. ENGEL: Well, we'll -- I'll bring a hypothetical  
18 situation where new units coming in may have that  
19 situation.....

20 COMMISSIONER FOERSTER: Okay.

21 MR. ENGEL: .....to deal with. Then -- and some may -- I  
22 think the operators would support the regulations as proposed  
23 with some clarity around the points I've addressed this  
24 morning. And I'm recommending that we do arrange a session  
25 with the staff to work through the comments that we've brought

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1 forward and understand the breadth and the broad application of  
2 the -- of the regulations so we can comply with them.

3 CHAIR SEAMOUNT: So your proposal is number 1 on our  
4 decisions, meet with staff later instead of address your  
5 concerns now? Okay. Thank you.

6 MR. ENGEL: Yes.

7 CHAIR SEAMOUNT: Commissioner Foerster, do you have any  
8 questions or comments?

9 COMMISSIONER FOERSTER: I was rude and interrupted every  
10 time I had them.

11 (Off record comments)

12 CHAIR SEAMOUNT: Do you have any polite questions or  
13 comments, Commissioner Norman?

14 COMMISSIONER NORMAN: I will try to be polite. I have one  
15 -- just one question and then one comment. Mr. Engel, I  
16 understand that there is a concern about the breadth of this,  
17 I'll express it that way, that it may pick up pieces of  
18 equipment not intended.

19 MR. ENGEL: Right.

20 COMMISSIONER NORMAN: And I'm looking at the change right  
21 here. Before installing or altering hydrocarbon measurement  
22 equipment used for custody transfer purposes. So that to me  
23 would seem to exclude measurement equipment not used for  
24 custody transfer purposes. Does that address some of your  
25 concerns or do you think that that's still -- that that still

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1 requires clarification?

2 MR. ENGEL: We still think that we need to get clarity  
3 around application of this specifically to well testing  
4 equipment.

5 COMMISSIONER NORMAN: Okay. And then, Mr. Chairman, just  
6 a comment. I think it would be efficient perhaps rather than  
7 getting into minute details to have a staff meeting, but I  
8 would like to suggest and perhaps request though that we be  
9 sure to come back on the record and spread on the public record  
10 whatever evolves from those discussions and afford the public  
11 also a chance to participate.

12 CHAIR SEAMOUNT: For sure.

13 COMMISSIONER NORMAN: I have nothing more.

14 CHAIR SEAMOUNT: Okay. Other -- I guess I'll provide some  
15 opportunity right now for questions from any other persons in  
16 the audience. Are there -- is there anyone else that would  
17 like to testify. Hearing none, I think maybe we should take a  
18 10 minute recess to make sure. Is that.....

19 COMMISSIONER FOERSTER: That works for me.

20 CHAIR SEAMOUNT: .....that's appropriate? Okay. Let's  
21 take a -- I say 10 minutes, we usually go late on that. We'll  
22 try to keep it at 10 minutes. So we'll be back at 9:46 and a  
23 half. Off the record.

24 (Off record - 9:36 a.m.)

25 (On record - 9:54 a.m.)

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1 CHAIR SEAMOUNT: Let's go on the record. Okay. Mr.  
2 Engel, you presented us with two options, one to take care of  
3 this matter today and the other to hold a meeting with staff  
4 later on which would require a 30 day notice once you guys got  
5 things taken care of. The Commission believes that we can  
6 address your concerns today. And so we're going to go ahead  
7 and do that, try to do that -- attempt to do that in this  
8 meeting. And our petroleum engineer Commissioner who has a lot  
9 more expertise than I do will take over the managing of this  
10 hearing at this time.

11 COMMISSIONER FOERSTER: Okay. Let's take your issues one  
12 by one and.....

13 MR. ENGEL: Okay.

14 COMMISSIONER FOERSTER: .....we'll have a discussion among  
15 the Commissioners and.....

16 MR. ENGEL: Okay.

17 COMMISSIONER FOERSTER: .....you and Mr. Maunder.

18 MR. ENGEL: Okay. Commissioners, may -- a point of  
19 clarification, please. So we're going to move into a working  
20 session right now?

21 COMMISSIONER FOERSTER: No, we're still in the hearing.

22 MR. ENGEL: Okay. Okay. So will we be resolving our  
23 questions today?

24 COMMISSIONER FOERSTER: We're going to be done today.  
25 Okay. The first question -- issue that you raised. We felt

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1 that our verbiage very clearly states that it relates to  
2 custody transfer make that a moot point. That, you know, if  
3 you read the part about custody transfer then it's not for well  
4 testing equipment, it's custody transfer equipment. So we've  
5 clarified that to you.

6 MR. ENGEL: So the intent is that it will not apply to  
7 well testing equipment?

8 COMMISSIONER FOERSTER: Non custody transfer equipment.

9 MR. ENGEL: Okay.

10 MR. MAUNDER: That is correct, Commissioner Foerster.

11 COMMISSIONER FOERSTER: Okay. Your second concern relates  
12 to using the term methodology and whether that's vague -- too  
13 vague or not. And, Mr. Maunder, would you care to comment on  
14 your plan to address that concern?

15 MR. MAUNDER: Looking at the covenant that AOGA has  
16 submitted, it is looking at the calculations inherent in the  
17 operation of the metering and not the allocation which as they  
18 say in their second paragraph, if the term methodology is  
19 applied to production metering equipment they do not object.  
20 And that is the intent, is the production metering.

21 COMMISSIONER FOERSTER: Okay. Now your third concern  
22 deals with level of equipment changes considering altering and  
23 you talk about routine maintenance. If in the course of  
24 routine maintenance you installed the -- a replacement version  
25 of the exact same thing that's not altering, but if you take a

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1 part and replace it with a different part that does not have  
2 the same characteristics that's altering.

3 MR. ENGEL: So replace.....

4 COMMISSIONER FOERSTER: Does that make sense?

5 MR. ENGEL: .....replacing the same, not altering?

6 COMMISSIONER FOERSTER: Just doing routine maintenance is  
7 not altering, but in the course of routine maintenance if you  
8 replace a certain product with a different product that has  
9 different characteristics that's altering.

10 MR. ENGEL: Okay.

11 COMMISSIONER FOERSTER: Does that make sense?

12 MR. ENGEL: Yes.

13 COMMISSIONER FOERSTER: Okay. Number 4.....

14 MS. CROCKETT: Commissioner Foerster.....

15 COMMISSIONER FOERSTER: Yes?

16 MS. CROCKETT: ..... excuse me, may I interrupt for just a  
17 moment?

18 COMMISSIONER FOERSTER: Sure.

19 MS. CROCKETT: Then help me understand then that -- what  
20 you said makes sense, help me understand then what the quick  
21 approval process would be in a situation where you've done some  
22 maintenance, you've had to replace a piece of equipment and now  
23 you've got a newer piece of equipment so it's different. What  
24 sort of transition or approval process would the Commission  
25 undertake to make sure that that's -- that a piece of equipment

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1 isn't taken off line for a long period of time waiting for  
2 approval?

3 COMMISSIONER FOERSTER: Well, ideally the operator would  
4 know what equipment he has in his tool kit when he shows up to  
5 fix something and he could get advanced approval simply by a  
6 phone call to one of the inspectors that's always on the Slope  
7 or always available in the Inlet. So I'm assuming that the  
8 operator knows what he takes out to do work before he gets  
9 there, he could make a phone call and get it approved before he  
10 did it.

11 MR. ENGEL: Okay. Great. And on the same case,  
12 Commissioner, there may be a case where a failure may happen,  
13 you may have to substitute a piece of equipment waiting for an  
14 appropriate piece. So again, dialogue would be important to  
15 understand the approval process for that situation.

16 COMMISSIONER FOERSTER: And we can -- we do always have  
17 inspectors, at least one, usually two on the North Slope, and  
18 one is always available on call in the Inlet. So if you know  
19 what you're doing and you know how to use the phone then  
20 approval should not be an issue.

21 MR. ENGEL: Thank you.

22 COMMISSIONER FOERSTER: Okay. Number 4, I think Mr.  
23 Maunder had some concerns that he wanted to share with going to  
24 the latest API standard.

25 MR. MAUNDER: At this time -- thank you, Commissioner

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1 Foerster. At this time we are not in favor of blanketly  
2 adopting the newest versions of the Petroleum Measurement  
3 Standards. We are not opposed to operators using them for the  
4 design and -- of their metering stations. Such a intent or  
5 approval can be secured through subjection (j) of the present  
6 regulations where it's stated upon request the Commission will  
7 in its discretion approve a variance from the requirements of  
8 this section if the variance will result in equal or improved  
9 accuracy in measuring hydrocarbons severed from the property or  
10 unit. The Commission staff and the inspectors have a concern  
11 that if we blanketly adopted the most recent version of the  
12 Petroleum Measurement Standards that that would likely impose  
13 an economic penalty or harm on most of the operators in that it  
14 would require them to adopt those standards and potentially  
15 alter their equipment and the methodologies with -- you know,  
16 carte blanche and not in a more organized fashion.

17 COMMISSIONER FOERSTER: Does that make sense to you guys?

18 MR. ENGEL: It does.

19 COMMISSIONER FOERSTER: Okay.

20 MR. ENGEL: What I understand -- what I heard, Tom, was  
21 that an operator may submit an application for a technology --  
22 for a metering application.....

23 MR. MAUNDER: That is correct.

24 MR. ENGEL: .....to be considered by the Commission.

25 MR. MAUNDER: Yeah, that is how we've handled approval

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1 for.....

2 MR. ENGEL: Okay.

3 MR. MAUNDER: .....ultrasonic gas meters in Cook Inlet.

4 MR. ENGEL: Okay. Very good. That's acceptable.

5 COMMISSIONER NORMAN: Mr. Chairman.

6 CHAIR SEAMOUNT: Go ahead.

7 COMMISSIONER NORMAN: And if it is a consensus that a more  
8 recent version -- we're working right now with the November 30,  
9 1998, that that should be done, then the Commission would be  
10 receptive to that. I think the thought is that the Commission  
11 needs time to get comfortable with that and also to get the  
12 word out that that's what we're doing. So that's another  
13 option that's open to you, to suggest to the Commission that we  
14 amend it to incorporate the absolute most recent version.

15 MR. ENGEL: Thank you, Commission.

16 COMMISSIONER FOERSTER: On number 5, we felt like that in  
17 the verbiage that we included that it's specific enough,  
18 information should include, but not be limited to. And an  
19 operator should be familiar enough with what we do and what  
20 your other applications have been and what information is  
21 normally required that that should not be too vague. Tom, did  
22 you want to add to that and then you might want to say  
23 something to that.

24 MR. MAUNDER: Yes. I agree with what your comment is  
25 there, Commissioner Foerster. You know, the -- trying to be

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1 specific on every bit of information that could be provided,  
2 you know, could box us into a corner. And, you know, the  
3 intent of regulations like this that I look at is not to limit  
4 what the operator could supply. I believe it's important, you  
5 know, from their point of view to educate the Commission as to  
6 what the intended plans are. And while I don't want boxes of  
7 things, I'd like, you know, a complete description of the  
8 metering equipment and the station.

9 COMMISSIONER FOERSTER: And if the operator provided you  
10 too little information, what would be your remedy?

11 MR. MAUNDER: It would be to contact him to.....

12 COMMISSIONER FOERSTER: Pick up the phone.

13 MR. MAUNDER: .....seek clarification.

14 COMMISSIONER FOERSTER: Okay.

15 MR. ENGEL: Well, Commissioner, take for example an  
16 analogy of a drilling permit. The State has or the Commission  
17 has stated very clearly what's required to submit an  
18 application for a permit to drill. And because of that an  
19 operator knows what to put in the application, they receive,  
20 review it and they're handled quite timely. In this case there  
21 is not such detail like a drilling permit. So our point was  
22 around at least give us some of the broad -- the -- some basics  
23 that you want to see in an application to cover the required  
24 information otherwise it could create delays in getting  
25 authorization.

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1 COMMISSIONER FOERSTER: Okay. Part of the reason that  
2 we're vague is that there is a variety of metering  
3 techniques.....

4 MR. ENGEL: Uh-huh.

5 COMMISSIONER FOERSTER: .....and if we get too specific we  
6 may leave something out. And these sorts of things are -- if  
7 we need to get more specific we generally do those via specific  
8 pool rules.

9 MR. ENGEL: Well, again our concern is around potential  
10 delays in submitting applications and receiving approval. So  
11 that's why we were considering at least the minimum  
12 requirements for an application. And then you -- I agree with  
13 you that all conditions are not the same, but all do have  
14 fundamentally similar components (indiscernible - simultaneous  
15 speech).....

16 COMMISSIONER FOERSTER: We can take a harder look at our  
17 verbiage and with those concerns in mind.

18 MR. ENGEL: Okay.

19 MR. MAUNDER: If I may add, Commissioner Foerster, it  
20 would also be possible to come up with a guidance document as  
21 we have with other -- other regulations.....

22 COMMISSIONER FOERSTER: Okay.

23 MR. MAUNDER: .....to guide the implementation.

24 MR. ENGEL: That's a good option, Tom.

25 COMMISSIONER FOERSTER: Okay.

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1 MR. ENGEL: Yeah.

2 COMMISSIONER FOERSTER: Okay. Timing for approvals. We  
3 talked about both for new and existing installations and we  
4 felt pretty strongly that based on some experiences we've had  
5 recently that that -- the onus needs to be on the operator to  
6 know what he's doing and take care of his business. If we told  
7 you we needed six months in advance -- if we told Oooguruk we  
8 needed it six months in advance we'd still be contemplating it.

9 MR. ENGEL: Yes.

10 COMMISSIONER FOERSTER: So we do -- we are very reluctant  
11 to put timings on these approvals. That onus needs to remain  
12 with the operator.

13 MR. ENGEL: I don't feel the Commission can appreciate the  
14 design and procurement of such equipment for new places, new  
15 fields, and it's months and months of engineering, planning,  
16 procurement activities. So an operator would need to  
17 understand the expectation from the Commission on how long it  
18 will take to get an application approved and therefore we would  
19 be able to schedule that in our planning process to meet  
20 the.....

21 COMMISSIONER FOERSTER: It -- but it depends on the  
22 complexity of the -- of installation. I mean the operator is  
23 the most experienced with what they're going to install. So  
24 it's totally inappropriate for us to guesstimate what you're  
25 going to do and how complicated it is. We are going to leave

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1 that onus on the operator.

2 MR. MAUNDER: If I may add, Commissioner Foerster, from  
3 the staff point of view we look at it that the early in the  
4 process the Commission's involved, the better it would be. In  
5 my prepared remarks I spoke of the metering installation for  
6 the gas skid for gas in Nuiqsut. You know, the first contact  
7 we had, that facility was in place and that surely is much  
8 further down the timeline than we should have been -- should  
9 have been contacted. Had we been brought in to or notified of  
10 the design intent when it first hit paper or prior to things  
11 being ordered, then the reservations with regard to the chosen  
12 equipment that had been made at that time and the accommodation  
13 or the resolution determined at that point rather than after  
14 things were in the field.

15 COMMISSIONER FOERSTER: Thank you. Okay. The last  
16 point.....

17 MR. ENGEL: Well, Commissioner, on that point I understand  
18 your comments related to the timing on it and I believe from an  
19 operation standpoint for a existing installation I believe that  
20 can be handled easily by contacting the Commission and  
21 discussing the situation at hand, but new installation is a  
22 different consideration. Because of the -- you may be  
23 commingling with existing equipment or you may be bringing in  
24 new equipment. So again the timing on that could be  
25 troublesome to us.

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1 COMMISSIONER FOERSTER: Well, let me just clarify it for  
2 you. The timing expectation for us is the sooner you bring us  
3 into the process the more likely you'll have the approval when  
4 you need it. That's your timing requirement from us.

5 MR. ENGEL: Okay. So -- all right. So I think these are  
6 -- as we're going through these we're making decisions now that  
7 will be implemented when these regulations become effective.  
8 And I can see situations where we'd be having more dialogue  
9 with the Commission to maybe fine tune things down the road to  
10 help this become more clear. So I understand your point, but I  
11 do want to leave the Commission with the concern we have around  
12 potential delays that may result in these.....

13 COMMISSIONER FOERSTER: Nobody like delays.....

14 MR. ENGEL: Okay.

15 COMMISSIONER FOERSTER: .....and the planner is the best  
16 person.....

17 MR. ENGEL: Okay. Very good.

18 COMMISSIONER FOERSTER: .....at avoiding the delays and I  
19 hope that your experience with this Commission is that we do  
20 everything we can to help you get through us without delays.  
21 And we have -- this regulation change is not intended to change  
22 that.

23 MR. ENGEL: Very good.

24 COMMISSIONER FOERSTER: Okay.

25 MR. ENGEL: Thank you for that.

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1           COMMISSIONER FOERSTER: Lastly you had a suggestion that  
2 we do something a little differently for a hypothetical future  
3 case. But I want to ask Mr. Maunder, from the description of  
4 Mr. Engel's hypothetical future case do we have any existing  
5 experience with a similar hypothetical case and how did we  
6 handle that?

7           MR. MAUNDER: Yes, we do. Thank you, Commissioner  
8 Foerster. Yes, we do have experience with what I would  
9 perceive to be a similar case and that was with the field that  
10 you mentioned earlier, with Oooguruk where the production  
11 outside of the Kuparuk River Unit is measured using multi-phase  
12 meters and then commingled prior to the custody transfer point.

13          COMMISSIONER FOERSTER: Okay. How do we handle it in that  
14 instance?

15          MR. MAUNDER: That was handled in the pool rules.

16          COMMISSIONER FOERSTER: In the pool rules. And is -- the  
17 point that we are making with this discussion, Mr. Engel, is  
18 that we try to leave regulations broad so that they -- one size  
19 fits all.

20          MR. ENGEL: Right.

21          COMMISSIONER FOERSTER: And when you need to do something  
22 special the appropriate place to address special needs.....

23          MR. ENGEL: Right.

24          COMMISSIONER FOERSTER: .....is in the pool rules and  
25 we.....

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1 MR. ENGEL: Yes.

2 COMMISSIONER FOERSTER: .....want to keep it that way.

3 MR. ENGEL: Yeah, I understand that. And the reason we

4 brought it up is because of section (a), it does get very

5 specific about measuring before leaving the lease. And in the

6 case that Mr. Maunder just mentioned, it may be measured

7 downstream of that.

8 COMMISSIONER FOERSTER: And -- but we took care of that in

9 special pool rules.

10 MR. ENGEL: In a different process.

11 COMMISSIONER FOERSTER: And that's the way we prefer to

12 take care of.....

13 MR. ENGEL: Okay.

14 COMMISSIONER FOERSTER: .....special instances like that.

15 MR. ENGEL: Okay.

16 COMMISSIONER FOERSTER: Did we -- I'm checking off and I'm

17 thinking we've covered everything in your letter. Have we left

18 anything out?

19 MR. ENGEL: No, I think we've covered everything.....

20 COMMISSIONER FOERSTER: Okay.

21 MR. ENGEL: .....Commissioner. And I want to thank --

22 thank you for taking the time this morning to do it and I

23 believe that in the past we've always worked so well with the

24 staff here at the Commission to understand the intent and the

25 nature of the regulations. However in this case due to several

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1 reasons we weren't able to make that happen before the hearing.  
2 So thank you for that time this morning, it did clarify our  
3 questions and I think it will be effective in our application  
4 of the proposed regs.

5 COMMISSIONER FOERSTER: Well, thank you, Mr. Engel, for  
6 giving so much attention -- and the rest of the AOGA group for  
7 giving so much attention to the details.

8 MR. ENGEL: Thank you.

9 COMMISSIONER FOERSTER: And I'm going to turn it back over  
10 to you.

11 (Off record comments)

12 CHAIR SEAMOUNT: Commissioner Norman, do you have any  
13 comments or questions?

14 COMMISSIONER NORMAN: Just one question. One of the  
15 things that any regulatory agency is required to consider and  
16 should consider is the burden that might be imposed, any  
17 unintended consequences that may fall upon an operator as a  
18 result of adopting a new regulation. So my question for you is  
19 the flip side of what was asked to Mr. Maunder, do you have any  
20 concerns that if this is adopted with the clarifications that  
21 have been provided by Commissioner Foerster and staff, do you  
22 have any concerns about imposition of an additional financial  
23 or regulatory administrative burden?

24 MR. ENGEL: Commissioner Norman, the new regulations will  
25 require some additional administrative requirements to submit

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1 applications and prepare applications, things of that nature.  
2 I don't think it would be significant to the point where it  
3 would burden an operator where it would become a troublesome  
4 burden. But I would like to maybe leave that question open for  
5 us as we get into it, as time goes down we can see the actual  
6 impact as we work with the new regulations as proposed.

7 COMMISSIONER NORMAN: Yes. And, of course it's always  
8 open, so if something turns out to impose a burden that no one  
9 may have foreseen or that is more onerous than intended, then  
10 there's several ways to approach that, one of them is simply to  
11 contact the Commission. The Commission has the ability on its  
12 own initiative to initiate some further clarification or  
13 initiate a formal petition to request something more formal.  
14 So that option is always open to you.

15 MR. ENGEL: Yes, appreciate that. And like everything  
16 that we deal with, the devils are in the details and once we  
17 actually get into submitting applications then we'll figure out  
18 a system to manage it effectively. And I believe that working  
19 with the staff here at AOGCC and also the field staff has been  
20 very helpful to us in the future -- I mean, in the past and I  
21 believe it will be helpful to us as we move forward with this  
22 regulation too. So I do appreciate the willingness to work  
23 with us both from the office standpoint and the field  
24 application. It helps we're all on the same page.

25 COMMISSIONER NORMAN: I have nothing further, Mr.

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1 Chairman.

2 CHAIR SEAMOUNT: Okay. Well, thank you, Ms. Crockett and  
3 Mr. Engel for your thoughtful concerns and comments as usual.  
4 We appreciate industry working with us on these things, we  
5 couldn't do it without you.

6 Okay. At this time are there -- I'll give -- I'll hand  
7 out the opportunity one more to anybody else in the room and  
8 the public that would like to comment, testify?

9 MR. ENGEL: Well, Commissioner Seamount, one question I  
10 have for a -- it's a process question really, could you  
11 summarize the next step for us now with the regulations after  
12 this meeting today?

13 CHAIR SEAMOUNT: I believe we're going to come out with a  
14 decision with 30 days.

15 COMMISSIONER NORMAN: Would you like me to.....

16 CHAIR SEAMOUNT: Yes.

17 COMMISSIONER NORMAN: And I'd -- our Assistant Attorney  
18 General is here, but we would consider each and every comment  
19 that you've made I think on a few points and I'd ask staff to  
20 correct me or Commissioner Foerster, but for example possibly  
21 on number 2 we're going to look at that and make sure that that  
22 is not overly broad, the use of the term methodology. I just  
23 raise that as an example, but we would consider all of the  
24 comments that have been raised. And then following that we  
25 would adopt the regulation and the regulation adoption would --

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1 and could occur at a public meeting without any further notice  
2 other than that it would be on the agenda.

3 MR. ENGEL: Okay. Thank you.

4 MR. BIRNBAUM: Doesn't need to be for 30 days, I mean, I  
5 don't believe it needs to be 30 days or (indiscernible - away  
6 from microphone).....

7 CHAIR SEAMOUNT: Okay. I stand corrected as usual. Okay.  
8 Is there anything else? Hearing none, do I hear a motion?

9 COMMISSIONER FOERSTER: I move to adjourn

10 CHAIR SEAMOUNT: Do I hear a second?

11 COMMISSIONER NORMAN: Second.

12 CHAIR SEAMOUNT: Anybody opposed? Hearing none, we stand  
13 adjourned.

14 (Adjourned - 10:18 o'clock a.m.)

15 1777

16 (END OF PROCEEDINGS)

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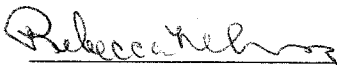
UNITED STATES OF AMERICA    )  
  ) ss.  
STATE OF ALASKA                    )

I, Rebecca Nelms, Notary Public in and for the State of Alaska, residing at Anchorage, Alaska, and Reporter for R & R Court Reporters, Inc., do hereby certify:

THAT the annexed and foregoing Public Hearing In the Matter of the Proposed Amendments to 20 AAC 25.228 and 20 AAC 25.230 Regarding Production Measurement Equipment for Custody Transfer Regulations, was taken by Lynn Hall on the 13th day of January, 2009, commencing at the hour of 9:03 a.m., at the Alaska Oil and Gas Conservation Commission, Anchorage, Alaska;

THAT this Hearing Transcript, as heretofore annexed, is a true and correct transcription of the proceedings taken and transcribed by Lynn Hall;

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal this 22nd day of January, 2009.

  
\_\_\_\_\_  
Notary Public in and for Alaska  
My Commission Expires: 10/10/10

[illegible]



# Alaska Oil and Gas Association



121 W. Fireweed Lane, Suite 207  
Anchorage, Alaska 99503-2035  
Phone: (907)272-1481 Fax: (907)279-8114  
Email: [crockett@aoga.org](mailto:crockett@aoga.org)  
*Marilyn Crockett, Executive Director*

January 13, 2009

Commissioner Dan Seamount, Chair  
Alaska Oil and Gas Conservation Commission  
333 W. 7<sup>th</sup> Avenue, Suite 100  
Anchorage, Alaska 99501

## AOGA Comments on Metering Equipment Regulations [20 AAC 25.228(b)]

Dear Commissioner Seamount:

The 16 members of the Alaska Oil & Gas Association (AOGA) account for the majority of oil and gas exploration, development, production, transportation, refining and marketing activities in the state. We appreciate the opportunity to comment on these proposed regulations.

Our member companies are concerned about the potential broad application, interpretation and implementation of the proposed regulations. Given that AOGA members are unaware of the background and reasoning for the proposed changes, we are concerned that if the current draft is adopted there is the potential for inadvertent noncompliance.

Our questions and concerns are most significant in cases where there will be surface or subsurface commingling of pools/units prior to the actual custody transfer meter. In that case a "methodology" is developed to allocate production to the individual pools/units utilizing the existing custody transfer equipment as well as other metering and/or well test equipment.

In these comments, the term "production measurement equipment" refers to Lease Automatic Custody Transfer (LACT) Units and other oil and gas metering installations in similar service.

The following questions and comments illustrate our concern:

1. What is the definition of "hydrocarbon measurement equipment" as expressed in section 20 AAC 25.228 entitled "Production measurement equipment for custody transfer"? Will the hydrocarbon measurement equipment be limited to production metering equipment for liquid and gas as the fluid leaves the lease, or will the proposed language be interpreted to include well testing equipment? Well test equipment is not generally considered for production metering service and then only in commingling operations.

Members companies do not object to the application of the proposed revisions to production metering equipment, however, there is concern about the general application to well test equipment.

2. What does the term "methodology" mean in the context of the proposed revisions? The term "methodology" may refer to the calculations inherent in the operation of the production metering equipment or it may refer to the determination of volumes allocated to commingled pools or units.

If the term "methodology" is applied to production metering equipment, member companies would not object. However there is concern if the term "methodology" makes reference to well test equipment.

The process for gaining approval is also unclear. Will we need to provide our current methodology for approval or simply future methodology changes?

3. What level of equipment changes will be considered "altering hydrocarbon measurement equipment"? That is, what is the definition of altering?

The concern with respect to production metering equipment and well test units is the potential requirement to apply for approval for even routine maintenance activities. For example, does it include replacing a gauge on a meter run, and does it include changing orifice plates?

4. There is no change proposed to the referenced API Manual of Petroleum Measurement Standards, as revised as of November 30, 1998. While a standard reference is needed, we suggest language be included that allows operators to use the latest revision of the API standard or methods approved by the AOGCC. For example, the November 30, 1998 standard does not allow the use of ultrasonic meters or coriolis meters for fluid measurement.
5. Use of the term "provide information" is vague and could lead to confusion as to what exactly is required. Required information should be specified in the regulations, such as manufacturer specifications, certifications, or gas flow schematics etc.
6. Timing for approvals - new installations: In cases where a totally new installation is required, the design of the processing and metering equipment is often far in advance of the actual installation. However, in the case of surface commingling, existing metering equipment will most likely be used. The AOGCC approval process for this case is vague with respect to methodology and timing. Our concern is possible delays for approvals of the methodology and custody transfer equipment. We suggest a timeline be established for acquiring AOGCC approvals for new installations.

7. Timing for approvals - existing installations: Should there be a failure of the current custody transfer equipment, some provision for rapid approval of changes is required to minimize disruption. What will be required to demonstrate that the changes meet the requirements of the API Manual of Petroleum Measurement Standards? Will approval of replacement with a newer model of the same basic equipment be required? Will existing production metering equipment be grandfathered or be required to be re-approved?

Additionally, we have a suggestion regarding approval for surface commingling between units in section 20 AAC 25.228(a). We suggest adding specific language to 25.228(a) to allow hydrocarbon production to be measured downstream of an approved commingling point.

Due to conflicting schedules and the recent holiday season, we were unable to facilitate a working session with AOGCC staff engineers to clarify the intent and application of these proposed regulations. AOGA believes a future working session would be beneficial to both industry and the AOGCC.

Please call Harry Engel, Chairman of the AOGA AOGCC Task Group at 564-4194 for any questions or to arrange a work session.

Again, thank you for providing this opportunity to comment. We look forward to working with the Commission.

Sincerely,



MARILYN CROCKETT  
Executive Director

Cc: Commissioner Cathy Foerster  
Commissioner John Norman

TO: Commissioners, AOGCC  
FR: Thomas E. Maunder, PE  
RE: Commission Staff Statement Regarding Amending 20 AAC 25.228  
Hearing before the Commission

January 13, 2008

The Commission's authority regarding the measurement of oil and gas may be found at AS 31.05.030 (d) (6) – where it is stated that “The Commission may require ... the gauging or other measuring of oil and gas to determine the quality and quantity of oil and gas”.

20 AAC 25.228 and 25.230 are the regulations that implement the authority granted in statute for measurement. 25.228 first appears in the regulations effective April 2, 1986 and as written then specifically pertained to the equipment employed to physically measure and mathematically calculate the quantities of oil and gas. 25.230 immediately following contained further requirements pertaining to individual well measurement and allocation as well as the measurement prior to severance from the property or unit where produced. 25.230 in an earlier form was present in the Commission regulations effective July, 1980. Measurement prior to severance from the property or unit is known as custody transfer. It is also known as L.A.C.T. or Lease Automated Custody Transfer. In 1998, 25.228 and 25.230 were amended and reorganized. 25.228 in its amended form addresses measurement equipment and procedures for custody transfer measurement. 25.230 as currently written addresses only allocation measurement and production reporting.

The intent of the amendment being considered today is require the Operator of a unit or property to involve the Commission before a new custody transfer station is installed or existing equipment is altered. By adopting this amendment, the onus is on the Operator to apprise the Commission of their plans in advance of the equipment being fabricated and installed or altered.

The adoption of this amendment will allow the Commission to conduct our due diligence regarding custody transfer measurement and help avoid situations that have been encountered in the last several years. These include the fabrication and installation of equipment to measure gas leaving Alpine for Nuiqsut. When the Commission was ultimately presented with information on the meters, it was determined that the uncertainty of the meters chosen exceeded that of standard orifice meters and the chosen meters ultimately needed to be replaced. Another situation was encountered where the functional meter elements including the electronic signaling equipment were changed and the Commission first became aware of the changes when one of the Inspectors was routinely inspecting the metering location. In the first case, the uncertainties of the chosen meters clearly exceed the uncertainty of orifice meters which is essentially the maximum uncertainty presently accepted. Contact “up front” with Commission would have eliminated the need to replace the meters. In the 2<sup>nd</sup> case, while the new equipment did meet the requirements of the Petroleum Measurement Standards which satisfied the present effective regulation, I don't believe it is acceptable that changes in custody transfer measurement equipment are discovered during a routine inspection.

I do not believe that this amendment places a large burden on the Operators. The State is not the only party interested in quality measurement being performed. There are other parties to the commercial transaction with financial interests in excess of the State's. The present regulation requires that equipment used for custody transfer be fabricated, installed and maintained in accord with the Petroleum Measurement Standards and that the ultimate measurement of hydrocarbons also be in accord with the Standards. This proposed amendment does not change that. The additional requirements being placed in the regulation are to provide the Commission advance notice, copies of the relevant documentation regarding the equipment and calculations and the opportunity to review and concur with the plans.

#2

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Alaska Oil & Gas Cons. Commission

# MEMORANDUM


## State of Alaska Department of Law

To: Daniel T. Seamount, Jr., Chair  
Oil and Gas Conservation Commission  
Dept. of Administration

Date: November 17, 2008

File No.: 993-09-0052

Tel. No.: 465-3600

From:   
Deborah E. Behr  
Chief Assistant Attorney General  
and Regulations Attorney  
Legislation and Regulations Section

Re: Regulations File Opening Re:  
20 AAC 25.228(b): Hydrocarbon  
Measurement Equipment

We have received your commission's memorandum of November 12, 2008 regarding this project, along with a copy of the proposed regulations and related documents. The project has been assigned to Assistant Attorney General Alan Birnbaum, phone number 269-5100.

Our department's file number for this project is 993-09-0052. This file number should be used on any further correspondence pertaining to this project.

DEB:pvp

cc: Carol Beecher, Regulations Contact  
Dept. of Administration

Jody Colombie, Special Assistant to the Commissioner  
Oil and Gas Conservation Commission  
Dept. of Administration

Jason Hooley, AAC Coordinator  
Lt. Governor's Office

Tina Kobayashi, Supervising Attorney  
Oil, Gas & Mining Section

Alan Birnbaum, Assistant Attorney General  
Anchorage

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JUL 31 2009

MEMORANDUM

STATE OF ALASKA


Alaska Oil & Gas Cons. Commission  
Anchorage

ALASKA OIL AND GAS CONSERVATION COMMISSION

TO: Deborah E. Behr  
Chief Assistant Attorney General  
Legislation and Regulations Section

DATE: November 12, 2008

SUBJECT: Request to Open File  
Regarding Amendments  
to Hydrocarbon  
Measurement Equipment  
Regulations,  
20 AAC 25.228(b)

FROM: Daniel T. Seamount, Jr.   
Regulations Contact  
Department of Administration

Please open a file for an Alaska Oil and Gas Conservation Commission (Commission) project to amend Title 20, Chapter 25, Section 228(b) of the Alaska Administrative Code, regarding hydrocarbon measurement equipment.

Enclosed is the public notice, Additional Regulations Notice Information, and proposed amendments to 20 AAC 25.228(b).

Please assign Assistant Attorney General Alan Birnbaum to this project. The Commission's contact person is Jody Colombie at 793-1221 or [jody.colombie@alaska.gov](mailto:jody.colombie@alaska.gov).



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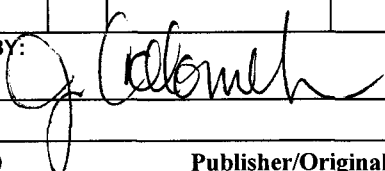
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**STATE OF ALASKA**  
**NOTICE OF PROPOSED CHANGES IN THE REGULATIONS OF THE**  
**ALASKA OIL AND GAS CONSERVATION COMMISSION**

The Alaska Oil and Gas Conservation Commission (Commission) proposes to adopt changes to Title 20, Chapter 25, of the Alaska Administrative Code. The Commission proposes to amend 20 AAC 25.228(b) to require an operator to provide information to and obtain the approval of the Commission prior to the following: (1) installing or altering hydrocarbon measurement equipment used for custody transfer purposes; and (2) adopting or changing the methodology used for determining hydrocarbon volumes.

For a copy of the proposed regulation changes, contact Jody Colombie, Special Assistant to the Commission (at 907-793-1121 or [jody.colombie@alaska.gov](mailto:jody.colombie@alaska.gov)), or visit [www.aogcc.alaska.gov](http://www.aogcc.alaska.gov).

Written comments on the proposed regulation changes, including the potential costs to private persons of complying with them, may be submitted to Ms. Colombie at [jody.colombie@alaska.gov](mailto:jody.colombie@alaska.gov) or the Commission: 333 W. 7<sup>th</sup> Avenue, Suite 100, Anchorage, AK 99501.

Written and oral comments may also be submitted at a January 13, 2009, 9:00 a.m. hearing at the Commission. The hearing might be extended to accommodate those present before 9:30 a.m. who do not have an opportunity to comment.

If, because of a disability, you need a special accommodation, contact Ms. Colombie by January 8, 2009.

YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED BY THE PROPOSED REGULATION CHANGES. After the public comment period, the Commission will, without further notice, adopt the proposed changes or other regulation changes dealing with the same subject or take no action. Accordingly, the language of any final regulations may be different from the proposed changes. (Written and oral comments are public.)

**Statutory Authority:** AS 31.05.030.

**Statutes Being Implemented, Interpreted, or Made Specific:** AS 31.05.030.

**Fiscal Information:** The proposed regulation changes are not expected to require an increased appropriation.

DATE: November 12, 2008

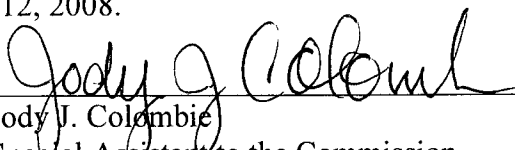


\_\_\_\_\_  
Daniel T. Seamount, Jr.  
Chair

ADDITIONAL REGULATIONS NOTICE INFORMATION  
(AS 44.62.190(d))

1. Adopting agency: Alaska Oil and Gas Conservation Commission.
2. General subject of regulations: hydrocarbon measurement equipment.
3. Citation of regulations: 20 AAC 25.228(b).
4. Reason for the proposed action: to require an operator to provide information to and obtain the approval of the Alaska Oil and Gas Conservation Commission prior to the following: (1) installing or altering hydrocarbon measurement equipment used for custody transfer purposes; and (2) adopting or changing the methodology used for determining hydrocarbon volumes.
5. RDU/component affected: Alaska Oil and Gas Conservation Commission.
6. Cost of implementation to the state agency: zero.
7. Contact person for the regulations:  
Name: Daniel T. Seamount, Jr.  
Title: Chair  
Address: 333 W. 7<sup>th</sup> Avenue, Suite 100, Anchorage, AK 99501  
Telephone: (907) 793-1221  
E-mail: jody.colombie@alaska.gov
8. Origin of the proposed action: Alaska Oil and Gas Conservation Commission staff.
9. Date: November 12, 2008.

10. Prepared by:

  
\_\_\_\_\_  
Jody J. Colombie  
Special Assistant to the Commission  
Alaska Oil and Gas Conservation Commission  
(907) 793-1221

5. RDU/component affected: Alaska Oil and Gas Conservation Commission.
6. Cost of implementation to the state agency: zero.
7. Contact person for the regulations:  
Name: Daniel T. Seamount, Jr.  
Title: Chair  
Address: 333 W. 7th Avenue, Suite 100,  
Anchorage, AK 99501  
Telephone: (907) 793-1221  
E-mail: jody.colombie@alaska.gov
8. Origin of the proposed action: Alaska Oil and Gas Conservation Commission staff.
9. Date: November 12, 2008.
10. Prepared by:  
Jody J. Colombie  
Special Assistant to the Commission  
Alaska Oil and Gas Conservation Commission  
(907) 793-1221
- AO-02914012  
Published: November 14, 2008

## Anchorage Daily News Affidavit of Publication

1001 Northway Drive, Anchorage, AK 99508

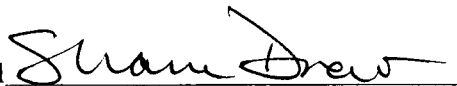
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Shane Drew, being first duly sworn on oath deposes and says that he is an advertising representative of the Anchorage Daily News, a daily newspaper.

That said newspaper has been approved by the Third Judicial Court, Anchorage, Alaska, and it now and has been published in the English language continually as a daily newspaper in Anchorage, Alaska, and it is now and during all said time was printed in an office maintained at the aforesaid place of publication of said newspaper. That the annexed is a copy of an advertisement as it was published in regular issues (and not in supplemental form) of said newspaper on the above dates and that such newspaper was regularly distributed to its subscribers during all of said period. That the full amount of the fee charged for the foregoing publication is not in excess of the rate charged private individuals.

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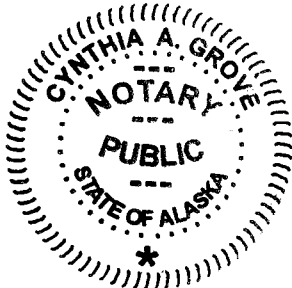


Subscribed and sworn to me before this date:

11/19/08

Notary Public in and for the State of Alaska.  
Third Division. Anchorage, Alaska

MY COMMISSION EXPIRES: 12/12/09



#### STATE OF ALASKA NOTICE OF PROPOSED CHANGES IN THE REGULATIONS OF THE ALASKA OIL AND GAS CONSERVATION COMMISSION

The Alaska Oil and Gas Conservation Commission (Commission) proposes to adopt changes to Title 20, Chapter 25, of the Alaska Administrative Code. The Commission proposes to amend 20 AAC 25.228(b) to require an operator to provide information to and obtain the approval of the Commission prior to the following: (1) installing or altering hydrocarbon measurement equipment used for custody transfer purposes; and (2) adopting or changing the methodology used for determining hydrocarbon volumes.

For a copy of the proposed regulation changes, contact Jody Colombie, Special Assistant to the Commission (at 907-793-1121 or jody.colombie@alaska.gov), or visit [www.aogcc.alaska.gov](http://www.aogcc.alaska.gov).

Written comments on the proposed regulation changes, including the potential costs to private persons of complying with them, may be submitted to Ms. Colombie at jody.colombie@alaska.gov or the Commission: 333 W. 7th Avenue, Suite 100, Anchorage, AK 99501.

Written and oral comments may also be submitted at a January 13, 2009, 9:00 a.m. hearing at the Commission. The hearing might be extended to accommodate those present before 9:30 a.m. who do not have an opportunity to comment.

If, because of a disability, you need a special accommodation, contact Ms. Colombie by January 8, 2009.

YOU SHOULD COMMENT DURING THE TIME ALLOWED IF YOUR INTERESTS COULD BE AFFECTED BY THE PROPOSED REGULATION CHANGES. After the public comment period, the Commission will, without further notice, adopt the proposed changes or other regulation changes dealing with the same subject or take no action. Accordingly, the language of any final regulations may be different from the proposed changes. (Written and oral comments are public.)

**Statutory Authority:** AS 31.05.030.

**Statutes Being Implemented, Interpreted, or Made Specific:** AS 31.05.030.

**Fiscal Information:** The proposed regulation changes are not expected to require an increased appropriation.

DATE: November 12, 2008

Daniel T. Seamount, Jr.  
Chair

#### ADDITIONAL REGULATIONS NOTICE INFORMATION (AS 44.62.190(d))

1. Adopting agency: Alaska Oil and Gas Conservation Commission.
2. General subject of regulations: hydrocarbon measurement equipment.
3. Citation of regulations: 20 AAC 25.228(b).
4. Reason for the proposed action: to require an operator to provide information to and obtain the approval of the Alaska Oil and Gas Conservation Commission prior to the following: (1) installing or altering hydrocarbon measurement equipment used for custody transfer purposes; and (2) adopting or changing the methodology used for determining hydrocarbon volumes.

STATE OF ALASKA

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AGENCY CONTACT

Jody Colombie

PHONE

(907) 793-1221

DATE OF A.O.

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20 AAC 25.228(b) is amended to read:

(b) Hydrocarbon measurement equipment must be fabricated, installed, and maintained in conformance with relevant parts of the *API Manual of Petroleum Measurement Standards*, as revised as of November 30, 1998. **Before installing or altering hydrocarbon measurement equipment used for custody transfer purposes, the operator shall submit to the commission information demonstrating conformance and obtain commission approval of the proposed installation or alteration and the methodology proposed for determining hydrocarbon volumes. The submitted information shall include, among other things, sample calculations, with the underlying measured data, generated using the proposed methodology. An approved methodology may not be changed without commission approval.**

(Eff. 4/2/86, Register 97; am 11/7/99, Register 152; am \_\_/\_\_/\_\_, Register \_\_)

**Authority:** AS 31.05.030

**Editor's note:** A copy of the relevant parts of the *API Manual of Petroleum Measurement Standards* may be reviewed during business hours at the commission's office and may be obtained from the American Petroleum Institute, Order Desk, 1220 L Street, N.W., Washington, D.C. 2005-4070.

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*Mailed 11/13/08*



**Colombie, Jody J (DOA)**

**From:** Colombie, Jody J (DOA)  
**Sent:** Thursday, November 13, 2008 9:24 AM  
**Subject:** AOGCC Amending Regulations Hydrocarbon Measurement Equipment  
**Attachments:** Hydrocarbon Measurement Equipment Regulation.pdf

**BCC:**'Aaron Gluzman'; caunderwood@marathonoil.com; 'Dale Hoffman'; Fridiric Grenier; 'Joe Longo'; 'Lamont Frazer'; Marc Kuck; 'Mary Aschoff'; Maurizio Grandi; P Bates; Richard Garrard; 'Sandra Lemke'; 'Scott Nash'; 'Steve Virant'; Tom Gennings; 'Willem Vollenbrock'; 'William Van Dyke'; Woolf, Wendy C (DNR); 'Aleutians East Borough'; 'Anna Raff'; 'Barbara F Fullmer'; 'bbritch'; 'Bill Walker'; 'Brad McKim'; 'Brandon Gagnon'; 'Brian Gillespie'; 'Brian Havelock'; 'Brit Lively'; 'Bruce Webb'; 'buonoje'; 'Cammy Taylor'; 'Cande.Brandow'; 'carol smyth'; 'Cary Carrigan'; caunderwood@marathonoil.com; 'Charles O'Donnell'; 'Chris Gay'; 'Cliff Posey'; 'Dan Bross'; 'dapa'; 'Daryl J. Kleppin'; 'David Brown'; 'David Hall'; David House; 'David L Boelens'; 'David Steingreaber'; 'ddonkel'; 'Deborah J. Jones'; 'doug\_schultze'; 'Eric Lidji'; 'Evan Harness'; 'eyancy'; 'foms2@mtaonline.net'; 'Francis S. Sommer'; 'Fred Steece'; 'Garland Robinson'; 'Gary Laughlin'; 'Gary Rogers'; 'Gary Schultz'; 'ghammons'; 'Gordon Pospisil'; 'Gregg Nady'; 'gregory micaleff'; 'gspfoff'; 'Hank Alford'; 'Harry Engel'; 'jah'; 'James Scherr'; 'Janet D. Platt'; 'jejones'; 'Jerry McCutcheon'; 'Jim Arlington'; 'Jim White'; 'Jim Winegarner'; 'Joe Nicks'; 'John Garing'; 'John S. Haworth'; 'John Spain'; 'John Tower'; 'John W Katz'; johnny.aiken@north-slope.org; 'Jon Goltz'; 'Julie Houle'; 'Kari Moriarty'; 'Kaynell Zeman'; 'Keith Wiles'; knelson@petroleumnews.com; 'Krissell Crandall'; 'Kristin Dirks'; 'Laura Silliphant'; 'Lois'; 'Lynnda Kahn'; 'mail=akpratts@acsalaska.net'; 'mail=foms@mtaonline.net'; 'Marilyn Crockett'; 'Mark Dalton'; 'Mark Hanley'; 'Mark Kovac'; 'Mark P. Worcester'; 'Marquerite kremer'; 'Matt Rader'; Melanie Brown; 'Mike Bill'; 'Mike Mason'; 'Mikel Schultz'; 'Mindy Lewis'; 'MJ Loveland'; 'mjnelson'; 'mkm7200'; 'Nick W. Glover'; NSK Problem Well Supv; NSU, ADW Well Integrity Engineer; 'Patty Alfaro'; 'Paul Decker'; 'Paul Winslow'; Pierce, Sandra M (DNR); 'Randall Kanady'; 'Randy L. Skillern'; 'rcrotty'; Rice, Cody J (DNR); 'rmclean'; 'Rob McWhorter'; rob.g.dragnich@exxonmobil.com; 'Robert Campbell'; 'Robert Fowler'; 'Robert Province'; 'Roger Belman'; 'Rudy Brueggeman'; 'Scott Cranswick'; 'Shannon Donnelly'; 'Sharmaine Copeland'; 'Sondra Stewman'; 'Sonja Frankllin'; 'Stan Porhola'; 'stanekj'; 'Steve Lambert'; 'Steve Moothart'; 'Steven R. Rossberg'; 'tablerk'; 'Tamera Sheffield'; 'Temple Davidson'; 'Terrie Hubble'; 'Tim Lawlor'; 'Todd Durkee'; Tony Hopfinger; 'trmjr1'; 'Walter Featherly'; 'Walter Quay'; 'Wayne Rancier'; Birnbaum, Alan J (LAW); Crisp, John H (DOA); Davies, Stephen F (DOA); Fleckenstein, Robert J (DOA); Foerster, Catherine P (DOA); Grimaldi, Louis R (DOA); Johnson, Elaine M (DOA); Jones, Jeffery B (DOA); Laasch, Linda K (DOA); Mahnken, Christine R (DOA); Maunder, Thomas E (DOA); McIver, C (DOA); McMains, Stephen E (DOA); Noble, Robert C (DOA); Norman, John K (DOA); Okland, Howard D (DOA); Paladijczuk, Tracie L (DOA); Pasqual, Maria (DOA); Regg, James B (DOA); Roby, David S (DOA); Saltmarsh, Arthur C (DOA); Scheve, Charles M (DOA); Seamount, Dan T (DOA); Smith, Chasity R (DOA); Williamson, Mary J (DOA); Alan J Birnbaum (LAW) (Other Fax); Buch, Bob (LAA); Bunde, Con (LAA); Chenault, Mike (LAA); Cissna, Sharon (LAA); Coghill, John (LAA); Cowdery, John (LAA); Crawford, Harry (LAA); Dahlstrom, Nancy (LAA); Davis, Bettye J (LAA); Doll, Andrea (LAA); Doogan, Mike (LAA); Dyson, Fred (LAA); Edgmon, Bryce E (LAA); Ellis, Johnny (LAA); Elton, Kim S (LAA); Fairclough, Anna (LAA); 'Foster, Richard'; French, Hollis (LAA); Gara, Les (LAA); Gardner, Berta (LAA); Gatto, Carl (LAA); Green, Lyda N (LAA); Gruenberg, Max F (LAA); Guttenberg, David (LAA); Harris, John (LAA); Hawker, Mike (LAA); Hoffman, Lyman F (LAA); Holmes, Lindsey (LAA); Huggins, Charlie (LAA); Johansen, Kyle B (LAA); Johnson, Craig W (LAA); Joule, Reggie (LAA); Kawasaki, Scott Jw (LAA); Keller, Wes (LAA); Kelly, Mike (LAA); Kerttula, Beth (LAA); Kookesh, Albert (LAA); Ledoux, Gabrielle R (LAA); Lynn, Bob (LAA); McGuire, Lesil L (LAA); Meyer, Kevin G (LAA); Nelson, Mary (LAA); Neuman, Mark A (LAA); Olson, Donny (LAA); Olson, Kurt E (LAA); Ramras, Jay B (LAA); Roses, Bob (LAA); Salmon, Woodie W (LAA); Samuels, Ralph (LAA); Seaton, Paul (LAA); Stedman, Bert K (LAA); Stevens, Gary L (LAA); Stoltze, Bill (LAA); Therriault, Gene (LAA); Thomas, Bill (LAA); Thomas, Joe (LAA); Wagoner, Tom (LAA); Wielechowski, Bill (LAA); Wilken, Gary R (LAA); Wilson, Peggy A (LAA)

**Attachments:**Hydrocarbon Measurement Equipment Regulation.pdf;

Recent new meter installations have uncovered a gap in our regulations. There is currently nothing to specify that and how an operator must receive initial approval for custody transfer metering equipment. Custody transfer metering systems are used to measure hydrocarbon volumes for revenue and tax determinations. Therefore, initial approval is necessary to prevent an improperly designed, installed, or calibrated custody transfer metering system from going into service. Attached are the Public Notice, Additional Information and Proposed Regulation.

*Jody J. Colombie*  
Special Assistant to the Commission  
Alaska Oil and Gas Conservation Commission  
333 West 7th Avenue, Suite 100  
Anchorage, Alaska 99501  
(907) 793-1221 Direct Line  
(907) 276-7542 Fax

## **SERVICE LIST FOR PROPOSED AMENDMENTS TO 20 AAC 25.228(b)**

On November 13, 2008, the public notice of proposed amendments to 20 AAC 25.228(b), Additional Regulations Notice Information, and proposed regulation were mailed to:

Annette Kreitzer  
Commissioner  
Department of Administration  
PO Box 110200  
Juneau, AK 99811

Legislative Reference Library  
Legislative Affairs Agency  
State Capitol  
Juneau, AK 99801  
Mail Stop: 3101

Senator Charlie Huggins, Chair  
Senate Resources  
State Capitol  
Juneau, Alaska 99801

Representative Kurt Olson, Chair  
House Oil & Gas Special Committee  
State Capitol  
Juneau, Alaska 99801

Senator Lesil McGuire, Chair  
Administrative Regulation Review  
State Capitol  
Juneau, Alaska 99801

Senator Kim Elton, Chair  
Legislative Council  
State Capitol  
Juneau, Alaska 99801

On November 13, 2008, the file-opening memorandum, public notice of proposed amendments to 20 AAC 25.228(b), Additional Regulations Notice Information, and proposed regulation were mailed to:

Debra Behr  
Chief Assistant Attorney General  
Legislation and Regulations Section  
Department of Law  
PO Box 110300  
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